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McDonald's tops the Top 100 again

(Continued from page F2)

often encountered food-service chain is not a food-service chain at all. It is the 7-Eleven chain of food stores.

The Dallas-based convenience store chain will have about 7,900 outlets this year, up from 7,600 last year.

Kentucky Fried Chicken follows in third place on the Number of Units ranking, with 6,900 restaurants.

Pizza Hut ranks fourth, with 6,000 red roofs. Burger King, at fifth, will have 5,580 homes of the Whopper. Dairy Queen, with almost 5,000 units, ranks sixth in number of units.

Domino's, in the first upset on the Number of Units list, swaps places with Wendy's. Domino's steps up to seventh place with 4,200 delivery shops as Wendy's slips to eighth with 3,900 installations.

Circle K, the Phoenix, Ariz.-based convenience store operator, takes ninth place with 3,500 stores.

And, rounding out the top 10 on the Number of Units ranking, Hardee's is expected to finish its fiscal year with about 3,000 locations.

Air feeders lead in sales per unit

On the ranking by sales per unit, Ogden Allied Aviation is far and away the leader, with $12.5 million in volume at each of its airport locations.

Another airline caterer, Sky Chefs, comes in second, with $9.1 million per installation.

Hotelier Westin ranks third in sales per unit, with $8 million in revenue per property. Marriott hotels follow with $5.9 million per complex. Concession Air ranks fifth, at $4.9 million. Hilton is sixth, at $3.3 million.

The first restaurant chain to make the ranking is T.G.I. Friday's, the granddaddy of the singles bar. Friday's ranking is unchanged at seventh place. But its volumes appear plateaued, at just under $3 million.

Houlihan's is nipping at Friday's heels. In the first upset on the sales-per-unit listing, Houlihan's jumps past Brown Derby into eighth place as its per-store volumes rise to $2.7 million from $2.5 million. Trends at Brown Derby, meanwhile, seem flat, at just under $2.7 million. Red Lobster makes 10th place, up from 12th last year, with $2.5 million volumes.

A Hardee's unit.

Hardee's, the Southeast-based burger chain, sidles past a struggling Wendy's by only $230 million on this year's NRN *ranking.*

Pizza Hut
Pizza Hut

A Pizza Hut.

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TOP 100 CHAIN DIRECTORY

Chain	Segment	Parent Company	1987 Rank		
			System-wide Sales	Sales per Unit	No. of Units
A&W	Burger	A&W Restaurants Inc.	92	93	46
ARA Services	Contract	ARA Services	12	55	20
Arby's	Roast Beef	Royal Crown Co. Inc.	16	70	13
Bakers Square	Fam. Rest.	Vicorp Restaurants Inc.	90	32	84
Baskin-Robbins	Ice Cream	Allied-Lyons PLC	36	98	12
Bennigan's	Dinnerhouse	Pillsbury	34	14	68
Big Boy	Fam. Rest.	Marriott Corp.	15	42	25
Bob Evans Farms	Fam. Rest.	Bob Evans Farms Inc.	60	26	72
Bojangles' Chicken 'N Biscuits	Chicken	The Horn & Hardart Co.	89	65	65
Bonanza	Fam. Steak	USACafes, L.P.	31	47	40
Brown Derby	Dinnerhouse	Brown Derby Inc.	95	9	94
Burger King	Burger	Pillsbury Co.	2	41	5
Canteen	Contract	TW Services Inc.	25	87	16
Carl's Jr.	Burger	Carl Karcher Enterprises Inc.	43	52	50
Carvel	Ice Cream	Carvel Corp.	76	94	27
Chi-Chi's	Dinnerhouse	Chi-Chi's Inc.	38	16	73
Chick-fil-A	Chicken	Chick-fil-A Inc.	80	72	56
Chili's	Dinnerhouse	Chili's Inc.	64	18	81
Church's	Chicken	Church's Fried Chicken Inc.	28	88	19
Circle K	C-Store	Circle K Corp.	66	69	9
Concession Air	Airport Contr.	Delaware North Co. Inc.	86	5	97
Country Kitchen	Fam. Rest.	Carlson Companies	85	67	62
Dairy Queen	Ice Cream	Int'l Dairy Queen Inc.	7	86	6
Denny's	Fam. Rest.	Denny's Inc.	11	37	23
Disneyland/Disney World	Theme Park	Walt Disney Co.	56	100	100
Domino's	Pizza	Domino's Pizza Inc.	8	79	7
Dunkin' Donuts of America	Doughnut	Dunkin' Donuts of America	23	81	17
El Torito	Dinnerhouse	Rest. Ents. Group Inc.	40	17	70
F. W. Woolworth	In-store	F. W. Woolworth Co.	88	95	29
Friendly Restaurants	Fam. Rest.	Hershey Foods Corp.	30	62	28
Furr's	Cafeteria	Cavalcade Foods Inc.	68	21	87
Godfather's	Pizza	Pillsbury	52	83	36
Golden Corral	Fam. Steak	Investors Management Corp.	39	50	45
Grandy's	Chicken	American Restaurant Group	78	46	67
Ground Round	Dinnerhouse	Hanson Trust	71	35	74
Hardee's	Burger	Imasco Ltd.	4	49	10
Hilton Hotels	Hotel	Hilton Hotels Corp.	17	6	60
Holiday Inns	Hotel	Holiday Corp.	10	56	18
Houlihan's	Dinnerhouse	Rest. Ents. Group Inc.	96	8	96
Howard Johnson	Fam. Rest.	Franchise Associates Inc.	50	5[illegible]	54
Int'l House of Pancakes	Fam. Rest.	IHOP Corp.	58	69	51
Jack-in-the-Box	Burger	Foodmaker Inc.	27	53	26
K mart	In-store	K mart	48	97	15
Kentucky Fried Chicken	Chicken	PepsiCo Inc.	3	68	3
Krystal	Burger	The Krystal Co.	83	57	64
Little Caesar	Pizza	Little Caesar Enterprises Inc.	19	85	14
Long John Silver's	Fish	Jerrico Inc.	21	76	21
Luby's Cafeteria	Cafeteria	Luby's Cafeterias Inc.	67	13	92
Marie Callender's Pie Shop	Fam. Rest.	Ramada Inc.	72	22	82
Marriott Hotels	Hotel	Marriott Corp.	18	4	79
McDonald's	Burger	McDonald's Corp.	1	24	1
Morrison Custom Mgmt	Contract	Morrison Inc.	47	89	30
Morrison's Cafeterias	Cafeteria	Morrison Inc.	57	20	80
Mr. Gatti's	Pizza	L. D. Brinkman Corp.	97	82	58
Mr. Steak	Fam. Steak	Jamco Ltd.	100	61	76
Ogden Allied Aviation Services	Airport Contr.	Ogden Corp.	79	1	99
Ogden Allied Services	Contract	Ogden Corp.	94	40	83
Perkins Fam. Restaurant	Fam. Rest.	Perkins Fam. Restaurant L.P.	42	38	57
Piccadilly Cafeterias Inc.	Cafeteria	Piccadilly Cafeterias Inc.	66	19	86
Pizza Hut	Pizza	PepsiCo Inc.	6	80	4
Pizza Inn	Pizza	Pizza Inn	54	78	31
Po Folks	Fam. Rest.	Po Folks Inc.	81	39	78
Ponderosa	Fam. Steak	Ponderosa Inc.	24	36	35
Popeyes	Chicken	A. Copeland Enterprises Inc.	37	60	33
Quality Inn	Hotel	Manor Care Inc.	41	73	34
Quincy's Family Steak House	Fam. Steak	Spartan Food Systems	74	45	69
Radisson Hotel Corp.	Hotel	Carlson Companies	63	25	75
Ramada Inn	Hotel	Ramada Inc.	53	77	41
Rax Restaurants Inc.	Burger	Rax Restaurants Inc.	45	63	47
Red Lobster	Dinnerhouse	General Mills	14	10	52
Round Table Pizza	Pizza	Round Table Franchise Corp.	55	75	42
Roy Rogers	Burger	Marriott Corp.	29	48	43
Ryan's	Fam. Steak	Ryan's Fam. Stk. House Inc.	98	12	93
Seiler Corp.	Contract	Sodexho	65	43	63
Service America Corp.	Contract	Allegheny Beverage Corp.	33	84	22
7-Eleven	C-Store	Southland Corp.	26	99	2
Shakey's Pizza	Pizza	Shakey's Inc.	75	74	55
Sheraton Corp.	Hotel	ITT Corp.	13	11	49
Shoney's	Fam. Rest.	Shoney's Inc.	22	30	44
Showbiz/Chuck E. Cheese	Pizza	Brock Hotel Corp.	59	34	61
Sizzler	Fam. Steak	Collins Foods Int'l Inc.	20	29	39
Sky Chefs	Airport Contr.	Onex Capital Corp.	49	2	98
Sonic Drive-In Restaurants	Burger	Sonic Industries	46	90	24
Sportservice	Contract	Delaware North Co. Inc.	87	28	85
Steak and Ale	Dinnerhouse	Pillsbury	70	27	77
Stuart Anderson's Black Angus	Dinnerhouse	Amer. Rest. Group Inc.	62	15	90
T.G.I. Friday's	Dinnerhouse	Carlson Cos.	44	7	88
Taco Bell	Taco	PepsiCo Inc.	9	71	11
Tastee Freez International	Ice Cream	DeNovo Corp.	93	92	48
Village Inn	Fam. Rest.	Vicorp Restaurants Inc.	73	51	59
Waffle House	Fam. Rest.	Waffle House Inc.	82	91	38
Wendy's	Burger	Wendy's International Inc.	5	59	8
Western Sizzlin'	Fam. Steak	West. Sizzlin' Stk. House Inc.	32	54	37
Western Steer	Fam. Steak	West. Steer-Mom 'n' Pop's Inc.	77	44	71
Westin	Hotel	Allegis	35	3	95
Whataburger	Burger	Whataburger Inc.	61	64	53
White Castle	Burger	White Castle System Inc.	51	31	66
Winchell's Donut Houses, L.P.	Doughnut	Denny's	91	96	32
Wyatt Cafeterias	Cafeteria	Wyatt Cafeterias Inc.	84	23	89
York	Fam. Steak	General Mills Inc.	99	33	91

Source: *NRN* research

TOP 100: WHAT IT IS AND HOW TO USE IT

NRN's annual chain analysis report ranks food-service leaders in several different ways

The reporters and editors of *Nation's Restaurant News* spent months gathering, collating and analyzing the more than 4,000 bits of information which form the basis of the 1987 Top 100 rankings.

The food-service industry's universe of several thousand chains and more than 2,700 companies was pared down to a list of a few hundred prime candidates. Those players were then contacted, first by mail, subsequently by telephone and occassionally in person, to collect the detailed information which makes the Top 100 the industry's most detailed performance study.

But the Top 100 is much more than numbers. To explain how the Top 100 behemoths earned that distinction, *NRN's* extensive staff delved into the industry's bloodiest segment battles. In addition to talking to the combatants themselves, experienced staffers gleaned insights from a slew of outside sources, including analysts, consultants, former executives and public reference materials.

The financial data was collated into the Top 100 rankings:

- **The Top 100 Chains,** which is presented three ways—by Systemwide Sales, Number of Units and Sales per Unit.

- **The Top 100 Companies,** which ranks the industry's powerhouses by revenues.

- **The Top 100 Directory,** an alphabetical listing of all players included on either Top 100 ranking, is included in the section as a quick reference guide.

The Top 100 delivers a crystal-clear picture of the industry beause of *NRN*'s strict adherence to very specific criteria.

NRN's ranking system accounts for the industry's unique franchise arrangements by distinguishing between chain sales and corporate revenues. In addition, the Top 100 data excludes vending machine sales, sales from foreign units and the activities of noncommercial operators.

NRN uses estimates and projections from the National Restaurant Association to estimate the size of the total domestic commercial food-service industry. The numbers are $174.1 billion for 1987 and $162.9 billion for 1986.

The Top 100 provides *preliminary, first revision and final* estimates for the Top 100 universe. The dynamics of the ranking system, which deletes entries from prior years if they fail to make the current year's ranking, tends to inflate the growth of the Top 100 taken as a whole. Failing companies drop off the lists, making comparisons for more than three years less reliable.

The *NRN* Top 100 estimates published last year are revised with this edition.

Last year NRN estimated 1986 systemwide sales too high. The revised estimate is $67.1 billion, a 5.7 percent downward adjustment.

Here are the first revisions and final estimates for 1986 and 1985:

- **Top 100 Chain Systemwide Sales:** Last year *NRN* was overly optimistic in its preliminary estimate that the Top 100 chains' systemwide sales would total $71.1 billion in 1986. This year, *NRN* is making a first revision of that estimate, to about $67.1 billion, a 5.7 percent downward adjustment. The 1984 figure, pegged at $63.3 billion in last year's first revision, has been finalized at $60.7 billion, a 4.3 percent decline.

- **Top 100 Chain Number of Units:** *NRN* made a preliminary projection last year that the Top 100 chains would finish 1986 with 107,883 units. The revised figure is 100,438, a 7.4 percent change. For 1984, *NRN* last year counted 98,971 outlets, or 5.1 percent more than the final estimate this year of 94,213.

- **Top 100 Chain Sales Per Unit:** *NRN* last year projected that sales per unit for all Top 100 chains would average $1.2 million in 1986. The revised estimate is $1.3 million, up 12.4 percent. The figure for 1984 was revised last year to $1.1 million. The final estimate is $1.3, a 9.7 upward adjustment.

- **Top 100 Company Food-Service Revenue:** *NRN* expected the Top 100 companies to garner 1986 revenues of $45 billion last year. The new 1986 figure is $43.6 billion, an adjustment of 3.3 percent. For 1985, *NRN* last year estimated Top 100 company revenue of $40.1 billion. The final figure is $38.8 billion, or 3.5 percent lower.

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TOP 100 CHAINS: Ranked by Systemwide Food-Service Sales

Rank		Chain	Chain Headquarters	Concept	Parent Company	Fiscal Year Ends	Systemwide Sales (By Fiscal Year, in Millions)		
1987	1986						Current	Last Full	Previous
1	1	McDonald's	Oak Brook, Ill.	Burger	McDonald's Corp.	Dec.	$14,110.0	$12,432.0	$11,012.0
2	2	Burger King	Miami, Fla.	Burger	Pillsbury Co.	May	5,590.0	5,032.0	4,500.0
3	3	Kentucky Fried Chicken	Louisville, Ky.	Chicken	PepsiCo Inc.	Dec.	3,700.0	3,500.0	3,100.0
4	5	Hardee's	Rocky Mount, N.C.	Burger	Imasco Ltd.	March	3,030.0	2,700.0	2,400.0
5	4	Wendy's	Dublin, Ohio	Burger	Wendy's International Inc.	Dec.	2,800.0	2,747.2	2,694.8
6	6	Pizza Hut	Wichita, Kan.	Pizza	PepsiCo Inc.	Dec.	2,450.0	2,150.0	1,880.0
7	7	Dairy Queen	Minneapolis, Minn.	Ice Cream	International Dairy Queen Inc.	Nov.	2,028.0	1,723.0	1,546.0
8	8	Domino's	Ann Arbor, Mich.	Pizza	Domino's Pizza Inc.	Dec.	1,800.0	1,550.0	1,084.0
9	9	Taco Bell	Irvine, Calif.	Taco	PepsiCo Inc.	Dec.	1,500.0	1,338.7	1,299.3
10	10	Holiday Inns	Memphis, Tenn.	Hotel	Holiday Corp.	Dec.	1,273.8	1,263.0	1,268.7
11	11	Denny's[1]	La Mirada, Calif.	Fam. Rest.	DHI Corp.	June	1,265.0	1,205.0	1,138.0
12	13	ARA Services	Philadelphia, Pa.	Contract	ARA Services	Sept.	1,245.0	1,048.7	944.7
13	12	Sheraton Corp.	Boston, Mass.	Hotel	ITT Corp.	Dec.	1,217.5	1,193.7	1,162.9
14	14	Red Lobster	Orlando, Fla.	Dinnerhouse	General Mills	May	1,030.0	975.0	875.0
15	15	Big Boy	Glendale, Calif.	Fam. Rest.	Marriott Corp.	Dec.	1,027.2	974.7	1,061.3
16	16	Arby's	Atlanta, Ga.	Roast Beef	Royal Crown Co. Inc.	Dec.	950.0	886.0	814.0
17	17	Hilton Hotels	Beverly Hills, Calif.	Hotel	Hilton Hotels Corp.	Dec.	901.5	839.9	734.2
18	18	Marriott Hotels	Bethesda, Md.	Hotel	Marriott Corp.	Dec.	866.0	770.0	716.0
19	30	Little Caesars	Farmington Hills, Mich.	Pizza	Little Caesar Enterprises Inc.	Dec.	770.0	520.0	340.0
20	24	Sizzler	Los Angeles, Calif.	Fam. Steak	Collins Foods Int'l Inc.	April	760.0	632.6	505.0
21	19	Long John Silver's Seafood Shoppes	Lexington, Ky.	Fish	Jerrico Inc.	July	741.0	697.4	637.3
22	21	Shoney's	Nashville, Tenn.	Fam. Rest.	Shoney's Inc.	Oct.	721.8	644.5	590.0
23	20	Dunkin' Donuts of America	Randolph, Mass.	Doughnut	Dunkin' Donuts of America	Oct.	712.8	648.0	576.7
24	23	Ponderosa	Dayton, Ohio	Fam. Steak	Ponderosa Inc.	Feb.	692.1	635.0	595.3
25	22	Canteen	Chicago, Ill.	Contract	TW Services Inc.	Dec.	686.0	641.0	409.0
26	25	7-Eleven	Dallas, Tex.	C-Store	Southland Corp.	Dec.	659.5	599.5	558.4
27	26	Jack-in-the-Box	San Diego, Calif.	Burger	Foodmaker Inc.	Sept.	645.7	587.6	586.2
28	27	Church's	San Antonio, Tex.	Chicken	Church's Fried Chicken Inc.	Dec.	599.0	577.6	639.9
29	28	Roy Rogers	Washington, D.C.	Burger	Marriott Corp.	Dec.	591.0	547.0	512.0
30	29	Friendly Restaurants	Wilbraham, Mass.	Fam. Rest.	Hershey Foods Corp.	Dec.	580.0	536.0	471.0
31	32	Bonanza	Dallas, Tex.	Fam. Steak	USACafes, L.P.	Sept.	544.0	472.0	425.0
32	34	Western Sizzlin'	Augusta, Ga.	Fam. Steak	Western Sizzlin' Steak Houses Inc.	Oct.	528.0	454.0	435.0
33	31	Service America Corp.	Stamford, Conn.	Contract	Allegheny Beverage Corp.	March	525.9	496.2	432.2
34	35	Bennigan's	Dallas, Tex.	Dinnerhouse	Pillsbury	May	500.0	450.0	424.8
35	33	Westin	Seattle, Wash.	Hotel	Allegis	April	490.0	460.2	419.0
36	36	Baskin-Robbins	Glendale, Calif.	Ice Cream	Allied-Lyons PLC	Dec.	471.5	438.5	490.0
37	38	Popeyes	Jefferson, La.	Chicken	A. Copeland Enterprises Inc.	Oct.	460.0	400.0	335.0
38	37	Chi-Chi's	Louisville, Ky.	Dinnerhouse	Chi-Chi's Inc.	April	440.0	415.0	395.0
39	42	Golden Corral	Raleigh, N.C.	Fam. Steak	Investors Management Corp.	Dec.	438.2	362.0	297.2
40	40	El Torito	Irvine, Calif.	Dinnerhouse	Restaurant Enterprises Group Inc.	Dec.	420.0	390.0	318.8
41	44	Quality Inn	Silver Spring, Md.	Hotel	Manor Care Inc.	May	400.0	350.0	300.0
42	47	Perkins Family Restaurant	Memphis, Tenn.	Fam. Rest.	Perkins Family Restaurants L.P.	Dec.	383.0	315.0	272.0
43	45	Carl's Jr.	Anaheim, Calif.	Burger	Carl Karcher Enterprises Inc.	Jan.	382.5	343.6	335.7
44	41	T.G.I. Friday's	Dallas, Tex.	Dinnerhouse	Carlson Cos.	Dec.	375.0	365.8	329.8
45	46	Rax Restaurants Inc.	Columbus, Ohio	Burger	Rax Restaurants Inc.	July	370.0	328.9	280.0
46	49	Sonic Drive-In Restaurants	Oklahoma City, Okla.	Burger	Sonic Industries	Aug.	317.0	300.0	292.0
47	51	Morrison Custom Management	Mobile, Ala.	Contract	Morrison Inc.	May	315.0	288.1	263.2
48	48	K mart	Troy, Mich.	In-store	K mart	Jan.	315.0	306.0	301.0
49	39	Sky Chefs	Arlington, Tex.	Airport Contract	Onex Capital Corp.	Dec.	310.0	398.0	352.0
50	50	Howard Johnson[2]	South Weymouth, Mass.	Fam. Rest.	Franchise Associates Inc.	May	303.7	292.5	456.4

Explanation of column headings

• **Rank:** 1987 rank is based on systemwide sales for the current fiscal year. 1986 rank is based on revised data for the last full fiscal year. Because of revisions, 1986 rankings are not comparable to the rankings that appeared in *Nation's Restaurant News*' Top 100 Chain Analysis issue of Aug. 11, 1986.

• **Chain:** The name of the restaurant, hotel or contract feeding division as it appears on publicly visible signage, logos or trademarks.

• **Chain headquarters:** The location of the central operating offices of the chain, which sometimes differs from the location of the central offices of a chain's parent company.

• **Concept:** Chains are classified based on their popular perception, best-selling entree or market positioning. Abbreviations used: Fam. Rest. stands for a famiiy restaurant, sometimes known as a coffee shop; Fam. Steak stands for family steakhouse or budget steakhouse.

• **Parent Company:** The owner of the chain's trademarks, copyrights or licensing rights. Often the franchisor.

• **Fiscal Year Ends:** The month in which the fiscal year ends, often correlating to that of the parent company.

• **Systemwide Sales:** Net sales of all units operating under the chain name, including both company-owned and franchised units. Excludes franchise fees, interest income, manaufacturing and distribution sales and other revenue not directly resulting from food and beverage sales.

• **Current Fiscal Year:** The 12-month accounting period which is under way as of August 3, 1987. Most often it is calendar year 1987.

• **Last Full Fiscal Year:** The fiscal year most recently completed prior to Aug. 3, 1987. Most often it is calendar year 1986.

• **Previous Fiscal Year:** The year before the Last Full Fiscal Year. Most often, calendar year 1985.

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TOP 100 CHAINS: Ranked by Systemwide Food-Service Sales

Rank		Chain	Chain Headquarters	Concept	Parent Company	Fiscal Year Ends	Systemwide Sales (By Fiscal Year, in Millions)		
1987	1986						Current	Last Full	Previous
51	53	White Castle	Columbus, Ohio	Burger	White Castle System Inc.	May	$ 300.0	$ 276.9	$ 249.4
52	54	Godfather's	Omaha, Neb.	Pizza	Pillsbury Company	May	300.0	275.0	260.0
53	43	Ramada Inn	Phoenix, Ariz.	Hotel	Ramada Inc.	Jan.	300.0	360.0	325.0
54	52	Pizza Inn[3]	Dallas, Tex.	Pizza	Pizza Inn	Dec.	300.0	278.7	265.5
55	60	Round Table Pizza	San Francisco, Calif.	Pizza	Round Table Franchise Corp.	June	300.0	250.0	196.4
56	55	Disneyland/Disney World	Burbank, Calif.	Theme Park	Walt Disney Co.	Sept.	290.0	265.8	241.7
57	57	Morrison's Cafeterias	Mobile, Ala.	Cafeteria	Morrison Inc.	May	288.1	263.2	260.6
58	56	International House of Pancakes	North Hollywood, Calif.	Fam. Rest.	IHOP Corp.	Dec.	282.0	264.0	241.0
59	61	Showbiz/Chuck E. Cheese	Irving, Tex.	Pizza	Brock Hotel Corp.	Dec.	280.0	249.0	217.0
60	64	Bob Evans Farms	Columbus, Ohio	Fam. Rest.	Bob Evans Farms Inc.	April	270.0	221.0	176.3
61	62	Whataburger	Corpus Christi, Tex.	Burger	Whataburger Inc.	Sept.	265.0	244.0	226.0
62	58	Stuart Anderson's	Los Altos, Calif.	Dinnerhouse	American Restaurant Group Inc.	Dec.	265.0	261.0	261.0
63	69	Radisson Hotel Corp.	Minneapolis, Minn.	Hotel	Carlson Cos.	Dec.	263.4	208.1	108.2
64	74	Chili's	Dallas, Tex.	Dinnerhouse	Chili's Inc.	June	255.0	197.0	154.1
65	66	The Seiler Corp.	Waltham, Mass.	Contract	Sodexho	Aug.	250.0	218.0	190.0
66	65	Piccadilly Cafeterias Inc.	Baton Rouge, La.	Cafeteria	Piccadilly Cafeterias Inc.	June	242.0	220.0	205.5
67	67	Luby's Cafeteria	San Antonio, Tex.	Cafeteria	Luby's Cafeterias Inc.	Aug.	236.7	215.1	195.9
68	63	Furr's	Lubbock, Tex.	Cafeteria	Cavalcade Foods Inc.	Dec.	235.0	238.0	227.0
69	78	Circle K	Phoenix, Ariz.	C-Store	Circle K Corp.	April	230.0	190.0	125.0
70	59	Steak and Ale	Dallas, Tex.	Dinnerhouse	Pillsbury	May	230.0	260.0	282.0
71	68	Ground Round	South Weymouth, Mass.	Dinnerhouse	Hanson Trust	Oct.	227.7	212.5	214.3
72	73	Marie Callender's Pie Shop	Long Beach, Calif.	Fam. Rest.	Ramada Inc.	Dec.	226.0	204.0	182.0
73	70	Village Inn	Denver, Colo.	Fam. Rest.	Vicorp Restaurants Inc.	Oct.	225.0	206.0	193.0
74	71	Quincy's Family Steak House	Spartanburg, S.C.	Fam. Steak	TW Services	Dec.	224.9	206.0	183.2
75	75	Shakey's Pizza	Irving, Tex.	Pizza	Shakey's Inc.	Sept.	212.6	197.0	196.3
76	72	Carvel	Yonkers, N.Y.	Ice Cream	Carvel Corp.	Dec.	212.0	205.9	198.0
77	85	Western Steer	Claremont, N.C.	Fam. Steak	Western Steer-Mom 'n' Pop's Inc.	Feb.	203.5	170.5	163.1
78	84	Grandy's	Lewisville, Tex.	Chicken	American Restaurant Group	Dec.	202.3	172.4	145.0
79	79	Ogden Allied Aviation Services	New York, N.Y.	Airport Contract	Ogden Corp.	Dec.	200.5	187.5	170.0
80	81	Chick-fil-A	Atlanta, Ga.	Chicken	Chick-fil-A Inc.	Dec.	200.0	181.4	161.6
81	76	Po Folks	Nashville, Tenn.	Fam. Rest.	Po Folks Inc.	Sept.	190.0	197.0	189.0
82	82	Waffle House	Nocross, Ga.	Fam. Rest.	Waffle House Inc.	May	189.4	174.9	163.8
83	83	Krystal	Chattanooga, Tenn.	Burger	The Krystal Co.	Jan.	188.0	174.0	167.0
84	80	Wyatt Cafeterias	Dallas, Tex.	Cafeteria	Wyatt Cafeterias Inc.	Dec.	185.0	184.5	183.5
85	86	Country Kitchen	Bloomington, Minn.	Fam. Rest.	Carlson Cos.	Dec.	175.0	161.0	153.0
86	102	Concession Air	Dallas, Tex.	Airport Contract	Delaware North Companies Inc.	Dec.	175.0	65.0	50.0
87	91	Sportservice	Buffalo, N.Y.	Contract	Delaware North Companies Inc.	Dec.	174.7	149.7	125.4
88	88	F. W. Woolworth	New York, N.Y.	In-store	F. W. Woolworth Co.	Jan.	170.0	157.0	160.0
89	77	Bojangles' Chicken 'N Biscuits	Charlotte, N.C.	Chicken	The Horn & Hardart Co.	Dec.	165.0	195.0	200.0
90	95	Bakers Square	Denver, Colo.	Fam. Rest.	Vicorp Restaurants Inc.	Dec.	165.0	130.3	87.2
91	87	Winchell's Donut Houses, L.P.	La Mirada, Calif.	Doughnut	DHI Corp.	Dec.	155.0	159.0	182.0
92	90	A&W	Dearborn, Mich.	Burger	A&W Restaurants Inc.	Dec.	154.1	150.0	156.0
93	89	Tastee Freez International		Ice Cream	DeNovo Corp.	Dec.	152.0	152.0	155.0
94	97	Ogden Allied Services	New York, N.Y.	Contract	Ogden Corp.	Dec.	150.5	127.5	90.0
95	92	Brown Derby	Cleveland, Ohio	Dinnerhouse	Brown Derby Inc.	May	147.9	147.9	145.0
96	98	Houlihan's	Kansas City, Mo.	Dinnerhouse	Restaurant Enterprises Group Inc.	Dec.	146.0	125.0	115.0
97	93	Mr. Gatti's	Austin, Tex.	Pizza	L. D. Brinkman Corp.	July	146.0	139.2	138.3
98	99	Ryan's	Greenville, S.C.	Fam. Steak	Ryan's Family Steak Houses Inc.	Dec.	145.0	105.0	55.0
99	94	York	Orlando, Fla.	Fam. Steak	General Mills Inc.	May	140.6	136.5	142.9
100	96	Mr. Steak	Littleton, Colo.	Fam. Steak	Jamco Ltd.	Sept.	135.0	130.0	148.0
TOTAL Top 100 Chains							$73,963.5	$67,060.4	$60,687.9

Source: *NRN* research

Late additions

Four chains were omitted from this Top 100 Chains chart because of technical problems. The rankings on this chart and other charts in this section would have been different had these four chains been included. The omitted chains:

- Marriott Food Services Management—The contract feeding arm of Marriott Corp. based in Bethesda, Md., will report systemwide sales of about $1.57 billion this year, up from $1.45 billion in 1986 and $666.3 million in 1985. Marriott Food Services Management has 2,238 units this year, compared with 2,041 in 1986 and 1,318 in 1985. Average unit sales this year are $701,519, compared with $711,318 in 1986 and $505,539 in 1985. The chain would have been ranked No. 9, below Domino's Pizza and ahead of Taco Bell.
- Marriott In-Flite Services/Host, Marriott Corp.'s airline caterer and terminal concession operator, will report systemwide sales of $906.5 million this year, compared with $827 million in 1986 and $712.4 million in 1985. Marriott In-Flite operates 115 units, compared with 110 in 1986 and 109 in 1985. Average unit sales are $7.88 million, up from $7.52 million in 1986 and $6.54 million in 1985. The chain would have been ranked No. 17, between Arby's and Hilton Hotels.
- Subway Sandwiches & Salads, a fast-food sandwich chain owned by Doctor's Associates of Milford, Conn., will post sales of $330 million this year, compared with $170 million in 1986 and $90 million in 1985. The chain will have 1,300 mostly-franchised units operating by year's end, compared with 990 in 1986 and 596 in 1985. Average unit sales are $200,000, compared with $190,000 in 1986 and $175,000 in 1985. Average per-person checks at Subway outlets are $4. The chain raised menu prices 1 percent this year. Subway would have been ranked No. 46, between Sonic and Rax.
- Coco's, the family restaurant chain owned by Restaurant Enterprises Group Inc. based in Irvine, Calif., will post systemwide sales of $168 million this year, compared with $150.7 million in 1986 and $153.3 million in 1985. There are 156 Coco's units, compared with 153 in 1986 and 152 in 1985, with annual average unit sales of $1.08 million, compared with $989,000 in 1986 and $1.004 million in 1985. Average per-person checks are $4.36, compared with $4.17 in 1986 and $4.10 in 1985. Coco's would have been ranked No. 88 between F.W. Woolworth and Bojangles.

Notes

[1] TW Services, which owns Canteen Corp., a contract feeder; Spartan Food Systems, a Hardee's franchisee, and Quincy's Family Steak House, a family steakhouse chain, has bid $843 million for Denny's. The acquisition would add more than $1.2 billion to TW Services' annual sales of more than $3 billion.

[2] Most Howard Johnson franchisees are continuing to operate their restaurants. Marriott Corp., which acquired part of Howard Johnson in 1986, is converting company-owned Howard Johnson restaurants to Big Boys.

[3] An acquisition offer by Pantera's Pizza for Pizza Inn is pending.

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TOP 100 COMPANIES: Ranked by Systemwide Food-Service Revenue

Rank		Company	Company Headquarters	Key concepts	Fiscal Year Ends	Revenue (By Fiscal Year, in Millions)		
1987	1986					Current	Last Full	Previous
51	47	Piccadilly Cafeterias Inc.	Baton Rouge, La.	Piccadilly	June	220.0	205.5	186.8
52	51	Shoney's South Inc.	Memphis, Tenn.	Shoney's, Captain D's, Specialty Restaurants	Dec.	216.3	195.8	177.2
53	46	Carvel Corp.	Yonkers, N.Y.	Carvel	Dec.	212.0	205.9	198.0
54	57	International Dairy Queen Inc.	Minneapolis, Minn.	Dairy Queen, Golden Skillet, Karmel Korn	Nov.	211.5	183.9	159.1
55	54	F.W. Woolworth Co.	New York, N.Y.	In-store, Burger King	Jan.	203.0	188.0	188.0
56	66	Restaurant Associates Industries Inc.	New York, N.Y.	Acapulco, Charlie Brown's	Jan.	200.0	155.3	98.5
57	59	Chick-fil-A Inc.	Atlanta, Ga.	Chick-fil-A	Dec.	200.0	181.4	161.6
58	52	Wyatt Cafeterias Inc.	Dallas, Texas	Wyatt Cafeterias	Dec.	196.5	195.0	192.5
59	56	Hilton Hotels Corp.	Beverly Hills, Calif.	Hilton Hotels		194.4	185.1	174.9
60	55	ITT Corp.	Boston, Mass.	Sheraton Corp.	Dec.	193.8	186.4	177.5
61	62	The Krystal Co.	Chattanooga, Tenn.	Krystal	Jan.	188.0	174.0	167.0
62	60	Whataburger Inc.	Corpus Christi, Texas	Whataburger	Sept.	185.0	180.0	172.0
63	63	Specialty Restaurants Corp.	Anaheim, Ca.	94th Aero Squadron, Baby Doe's, Crawdaddy's, Castaway's	June	183.0	169.0	165.4
64	70	Carrols Corp.	Syracuse, N.Y.	Burger King	Dec.	170.0	136.4	127.0
65	69	Daka Inc.	Wakefield, Mass.	Contract Feeder	June	163.0	142.5	120.6
66	65	Vicorp Specialty Restaurants Inc.	San Diego, Calif.	Mountain Jack's, Hungry Hunter, Carlos Murphy's, Boot House	Oct.	162.5	160.0	149.9
67	64	Po Folks Inc.	Nashville, Tenn.	Po Folks, Wendy's	Sept.	160.0	166.0	143.0
68	67	Harman Management Corp.	Los Altos, Calif.	KFC, H. Salt	June	156.0	153.0	150.0
69	71	DWG Corp.	Miami, Fla.	Arby's Inc.	Dec.	148.2	132.7	126.4
70	68	Brown Derby Inc.	Cleveland, Ohio	Brown Derby	May	147.9	147.9	145.0
71	81	Ryan's Family Steak Houses Inc.	Greenville, S.C.	Ryan's Family Steakhouse	Dec.	145.0	105.0	55.0
72	50	Ramada Inc.	Phoenix, Az.	Marie Callender's, Tropicana, Ramada Inn	Jan.	143.0	198.0	110.2
73	74	Rax Restaurants	Columbus, Ohio	Rax	July	138.0	122.7	113.2
74	78	Perkins Family Restaurants L.P.	Memphis, Tenn.	Perkins Family Restaurants	Dec.	133.0	114.0	103.0
75	73	Frisch's Restaurants Inc.	Cincinnati, Ohio	Frisch's Big Boy, Kip's Big Boy, Roy Rogers, Specialty Restaurants, Quality Inns	May	130.0	123.0	124.0
76	72	Club Corp of America	Dallas, Tex.	Country & Athletic Clubs	Dec.	130.0	127.0	112.0
77	84	Cracker Barrel Old Country Store Inc.	Lebanon, Tenn.	Cracker Barrel	July	122.0	98.0	80.9
78	76	Braum Ice Cream Stores	Oklahoma, Okla.	Ice Cream	Dec.	120.0	118.0	110.0
79	82	Papa Gino's of America, Inc.	Dedham, Mass.	Papa Gino's Pizza, Sub Stop	Sept.	120.0	105.0	91.0
80	75	Walgreen Co.	Deerfield, Il.	Wag's, In-Store	Aug.	118.0	121.0	122.3
81	85	International King's Table Inc.	Eugene, Ore.	King's Table Buffet	June	115.0	93.5	85.2
82	77	Winners Corp.	Brentwood, Tenn.	Mrs. Winner's Chicken & Biscuits, Wendy's	Dec.	115.0	116.0	112.0
83	83	Dunkin' Donuts of America	Randolph, Mass.	Dunkin' Donuts, Chili's	Oct.	111.4	104.1	99.7
84	79	Horn & Hardart Company	New York, N.Y.	Bojangles, Burger King, Arby's, Tony Roma's	Dec.	110.0	113.5	140.2
85	80	JB's Restaurants Inc.	Salt Lake City, Utah	JB's Big Boy, Bob's Big Boy, Specialty Restaurants	Sept.	106.5	107.5	96.3
86	86	Abela Enterprises U.S. Inc.	Allentown, Pa.	The Wood Co. (Contract Feeder)		101.0	91.6	86.0
87	87	Brock Hotel Corp.	Irving, Tex.	Chuck E. Cheese's, Show Biz Pizza Place	Dec.	100.5	91.2	115.6
88	91	RTM Inc.	Tucker, Ga.	Arby's	May	100.0	86.0	86.0
89	88	El Chico Corp.	Dallas, Tex.	El Chico, Casa Rosa, Cantina Laredo, Cafe Cancun	May	97.0	91.0	93.7
90	90	National Pizza Co.	Pittsburgh, Ks.	Pizza Hut	March	96.5	89.1	63.1
91	89	Consolidated Products, Inc.	Indianapolis, Ind.	Steak n Shake, Carlos Sweeney's, Gold Rush, Charley Horse	Sept.	96.0	90.7	76.5
92	92	IHOP Corp.	North Hollywood, Calif.	Int'l House of Pancakes	Dec.	86.0	84.0	82.0
93	94	Waffle Houses Inc.	Norcross, Ga.	Waffle House	May	84.6	78.1	73.7
94	96	Consul Restaurants Corp.	Minneapolis, Minn.	Chi-Chi's, Chi-Chi's El Pronto	May	80.0	75.0	77.6
95	98	A. Copeland Enterprises Inc.	Jefferson, La.	Popeye's, Copeland's	Oct.	80.0	67.4	62.7
96	93	Skipper's Inc.	Bellvue, Wash.	Skippers Seafood 'n' Chowder House	Dec.	79.0	78.8	72.2
97	101	Western Steer-Mom 'n' Pop's Inc.	Claremont, N.C.	Western Steer, Mom 'n' Pop's'	Feb.	75.4	62.8	52.9
98	97	Marcus Corp.	Milwaukee, Wisc.	Marc's Big Boy, Kentucky Fried Chicken, Captain's Restaurant, Hotel Restaurant's	May	74.5	72.4	78.4
99	95	Calny Inc.	San Mateo, Calif.	Taco Bell	Feb.	71.0	77.5	66.4
100	102	Rusty Pelican Restaurants Inc.[6]	Irvine, Calif.	Rusty Pelican, Ancient Mariner, Rusty Duck	July	62.0	60.0	59.8
TOTAL Top 100 Companies						$48,289.8	$43,559.4	$38,746.4

Source: *NRN* research

Notes

[1] Revised figures at presstime showed ARA Services with projected food-service revenues of $1.14 billion for the fiscal year ending September 1987; $1.01 billion for the fiscal year ended September 1986, and $944.7 million for the fiscal year ended September 1985.

[2] TW Services, operator of Canteen Corp. and Spartan Food Systems, was erroneously omitted from the company rankings. TW has bid $843 million for Denny's Inc. (DHI Corp.) The deal is pending.

[3] Ponderosa is selling most of its Casa Lupita Mexican dinnerhouses to Imasco USA for conversion to Grisanti's dinnerhouses.

[4] Revised figures at presstime showed Allegheny Beverage Corp. with projected food-service revenues of $565 million for the fiscal year ending March 1988; $555 million for the fiscal year ended March 1987, and $475 million for the fiscal year ended March 1986.

[5] The Greyhound Corp.'s acquisition of Carson Pirie Scott & Co.'s food-service operations is pending.

[6] Rusty Pelican is being acquired by Vicorp Specialty Restaurants.

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TOP 100 COMPANIES: Ranked by Systemwide Food-Service Revenue

Rank		Company	Company Headquarters	Key concepts	Fiscal Year Ends	Revenue (By Fiscal Year, in Millions)		
1987	1986					Current	Last Full	Previous
1	1	McDonald's Corp.	Oak Brook, Il.	McDonald's	Dec.	$ 4,800.0	$ 4,240.0	$ 3,761.0
2	2	Marriott Corporation	Bethesda, Md.	Hotels, Roy Rogers, Big Boy, Contract Feeding	Dec.	4,186.5	3,846.1	2,851.7
3	4	PepsiCo Inc.	Purchase, N.Y.	Pizza Hut, Kentucky Fried Chicken, Taco Bell, La Petite Boulangerie	Dec.	3,350.0	2,696.3	2,081.1
4	3	Pillsbury Co.	Minneapolis, Minn.	Burger King, Godfather's, Bennigan's, Steak and Ale	May	3,070.0	2,820.0	2,660.0
5	5	Allegis Corp.	Chicago, Il.	Hilton International, Westin	Dec.	1,575.0	1,405.3	1,312.0
6	6	General Mills	Orlando, Fla.	Red Lobster, Olive Garden, York	May	1,500.0	1,250.0	1,050.0
7	7	Imasco USA Ltd.	Montreal, Canada	Hardee's, Grisanti's	March	1,300.0	1,200.0	1,100.0
8	11	ARA Services [1]	Philadelphia, Pa.	ARA Services	Sept.	1,245.0	1,048.7	977.4
9	8	Restaurant Enterprises Group Inc.	Irvine, Calif.	El Torito, Houlihan's, Coco's, Carrow's	Dec.	1,240.0	1,155.0	957.0
10	10	DHI Corp. [2]	La Mirada, Calif.	Denny's, El Pollo Loco, Winchell's Donut Houses	June	1,158.0	1,118.0	1,078.0
11	12	Collins Foods International Inc.	Los Angeles, Calif.	Sizzler, Kentucky Fried Chicken, Naugles, Ed Debevic's	April	1,116.0	930.0	667.5.0
12	9	Wendy's International Inc.	Dublin, Ohio	Wendy's	Dec.	1,081.6	1,139.9	1,125.6
13	15	Domino's Pizza	Ann Arbor, Mich.	Domino's Pizza	Dec.	890.0	725.0	540.0
14	14	Carlson Cos.	Minneapolis, Minn.	TGI Friday's, Country Kitchen, Radisson Hotels, Colony Resorts	Dec.	860.0	740.0	600.0
15	13	Pon Partners L.P. [3]	Dayton, Ohio	Ponderosa, Casa Lupita		803.2	757.8	490.3
16	16	Shoney's Inc.	Nashville, Tenn.	Shoney's, Captain D's, Lee's Famous Recipe, Specialty Restaurants		705.0	629.0	546.0
17	17	Southland Corp.	Dallas, Tex.	7-Eleven, High's Dairy Marts, Quik Marts	Dec.	687.5	604.5	558.4
18	19	Morrison Inc.	Mobile, Ala.	Morrison's Cafeterias, Ruby Tuesdays, L & N Seafood Grill, Silver Spoon Cafe, Contract Feeding	May	586.0	524.0	500.0
19	18	Hershey Foods Corp.	Hershey, Penn.	Friendly Restaurants		580.0	536.0	471.0
20	29	Jerrico Inc.	Lexington, Ky.	Long John Silver's Seafood Shoppes, Jerry's Restaurants, Florenz Restaurant	July	572.0	351.7	483.6
21	20	Foodmaker Inc.	San Diego, Calif.	Jack-In-The-Box	Sept.	546.3	519.4	553.7
22	21	Allegheny Beverage Corp. [4]	Cheverley, Md.	Service America Corp.	March	525.9	496.2	432.2
23	24	American Restaurant Group Inc.	Newport Beach, Calif.	Stuart Anderson's, Grandy's, Velvet Turtle, Spectrum, Spoons	Dec.	500.0	450.0	410.0
24	23	Carson Pirie Scott & Co.	Chicago, Il.	Dobbs International Services, Dobbs Houses & Carson International, Ridgewell's Inc., Toddle House Restaurants, Delivery Ease:	Jan.	487.5	465.9	440.9
25	27	Investors Management Corp.	Raleigh, N.C.	Golden Corral Family Steakhouse, Oh! Brian's Corp., Carolina Chicken Inc.		455.0	383.0	320.0
26	22	Church's Fried Chicken Inc.	San Antonio, Tex.	Church's Chicken	Dec.	450.0	480.5	548.8
27	25	Vicorp Restaurants Inc.	Denver, Colorado	Village Inn, Bakers Square, Seasons	Oct.	383.8	421.5	315.0
28	31	Ogden Corp.	New York, N.Y.	Ogden Allied Services, Ogden Aviation	Dec.	351.0	315.0	280.0
29	28	Holiday Corp.	Memphis, Tenn.	Holiday Inns, Harrah's Crowne Plaza, Embassy	Dec.	350.9	365.6	387.2
30	30	Carl Karcher Enterprises	Anaheim, Calif.	Carl's Jr.		350.0	317.0	327.2
31	43	Sodexho	Waltham, Mass.	The Seiler Corp., Food Dimensions Inc.	Aug.	350.0	218.0	190.0
32	37	Delaware North Companies Inc.	Buffalo, N.Y.	Sportservice, Concession Air	Dec.	349.7	270.0	250.0
33	32	Elias Bros. Restaurants Inc.	Warren, Mich.	Elias Bros. Big Boy, Contract Feeding Food-Production Plant	Oct.	325.0	310.0	300.0
34	33	K mart Corp.	Troy, Mich.	The Eatery, Deli & Snacks, Family Restaurants	Jan.	315.0	306.0	301.0
35	26	Onex Capital Corp.	Toronto, Canada	Sky Chefs	Dec.	310.0	398.0	352.0
36	36	White Castle System Inc.	Columbus, Ohio	White Castle		300.0	276.9	249.4
37	34	Chi-Chi's Inc.	Louisville, Ky.	Chi-Chi's	April	290.0	290.0	263.0
38	38	Walt Disney Co.	Burbank, Calif.	Disneyland, Disney World	Sept.	290.0	265.8	241.7
39	35	Cavalcade Foods, Inc.	Lubbock, Tex.	Bishop Buffets Inc., Furr's Cafeterias Inc.	Dec.	276.0	289.0	277.0
40	39	Boddie-Noell Enterprises	Rocky Mount, N.C.	Hardee's	Sept.	275.0	250.0	225.0
41	41	Bob Evans Farms Inc.	Columbus, Ohio	Bob Evans Farms, Owens Family Restaurant		270.0	221.0	176.3
42	48	Little Caesar Enterprises Inc.	Farmington Hills, Mich.	Little Caesars	Dec.	250.0	201.0	141.7
43	40	The Greyhound Corp. [5]	Phoenix, Az.	Restaura, Burger King, Faber Enterprises, Cassano's Pizza Subs	Dec.	247.2	232.0	199.0
44	44	Luby's Cafeterias, Inc.	San Antonio, Tex.	Luby's Cafeteria	Aug.	236.7	215.1	196.0
45	53	Circle K Corp.	Phoenix, Az.	Circle K	April	230.0	190.0	125.0
46	58	Hanson Trust	London, England	Ground Round	Oct.	227.7	182.9	555.9
47	45	Nestle S.A.	Vevey, Switzerland	Stouffer, Cheese Cellar, Rusty Scupper, J.B. Winberry	Dec.	225.0	212.5	200.1
48	49	Riese Organization	New York, N.Y.	Pizza Hut, Roy Rogers, Houlihan's, Dunkin Donuts	April	225.0	200.0	175.0
49	61	Chili's Inc.	Dallas, Tex.	Chili's, Flyer's Island Express	June	224.0	178.0	123.7
50	42	Hyatt Hotels Corp.	Chicago, Il.	Hyatt Hotels	Jan.	223.0	218.6	202.8

Explanation of column headings

- **Rank:** 1987 rank is based on revenue for the current fiscal year. Data for the last full fiscal year, which yielded the 1986 rank, has been revised. This year's 1986 rankings are not comparable to the rankings appearing in *Nation's Restaurant News* on Aug. 11, 1986.

- **Company:** The name of the corporate entity which receices food-service revenues. Publicly-traded subsidiaries of parent companies are listed individually.

- **Company Headquarters:** The location of the central offices of the company, which sometimes differs from the location of the central offices of a company's key concepts.

- **Key Concepts:** The name of the chain or chains or the type of food-service activity which produces substantial food-service revenues for the company.

- **Fiscal Year Ends:** The month in which the fiscal year terminates, often correlating to that of the company's key concepts.

- **Revenue:** Derived from food-service activities only. Includes sales from company-owned facilities, franchise and technical assistance income, gains and losses from asset divestitures and acquisitions routinely encountered in the operation of a food-service business, and interest income to finance working capital needs or expansion. Excludes manufacturing, wholesale and distribution revenue and sales generated by franchised facilities.

- **Current Fiscal Year:** The 12-month accounting period which is under way as of Aug. 3, 1987. Most often it is calendar year 1987.

- **Last Full Fiscal Year:** The fiscal year most recently completed prior to Aug. 3, 1987. Most often it is calendar year 1986.

- **Previous Fiscal Year:** The year before the Last Full Fiscal Year. Most often it is calendar year 1985.

Big changes reshape Top 100 balance

(Continued from page 1)

shaping the balance of power within the Top 100.

Wendy's, long the No. 4 chain in terms of systemwide sales, behind McDonald's, Burger King, and Kentucky Fried Chicken, was bumped out of its slot by Hardee's, a regional rival with roughly 25-percent fewer units.

That chain's systemwide sales are expected to grow by 12 percent this year, to $3 billion.

Wendy's systemwide sales are likely to inch upward by 1.9 percent, to $2.8 billion.

NRN's in-house research revealed that the 100 leading chains will steal enough business from weaker players this year to post systemwide sales of almost $74 billion, a 10-percent rise from the 1986 tally.

Although that pace outstrips the 6.6-percent growth rate estimated for the whole commercial food-service sector, the Top 100 chains' gains are in many ways hollow.

Much of the sales increase, for instance, will come from stepped-up expansion.

Despite pledges by many chains to temper expansion in the face of a restaurant glut, the 100 leaders are planning to open units as a quicker pace.

Some 6,816 new units are planned for a 6.8-percent increase over last year's tally. The Top 100 chains expanded by 6.6 percent in 1986.

In addition, per-unit sales—believed by many to be the best gauge of a concept's health—have flattened or declined for many of the Top 100 chains.

Although the elite group's average sales per unit are projected to rise 5.1 percent this year, compared with a 4.7-percent increase in 1986, much of that growth will come from only four segments: hamburger, family steak houses, pizza, and snack chains.

And of those four, only the hamburger segment will grow at a rate faster than last year's.

Led by McDonald's, the nation's largest hamburger chains will raise their collective per-unit sales average this year by 5.8 percent, to $812,000, compared with last year's rise of less than 1 percent.

Family steak house and pizza chains are expected to skew the numbers with sales increases of 10.5 percent and 8.9 percent, respectively, for units opened at least 12 months.

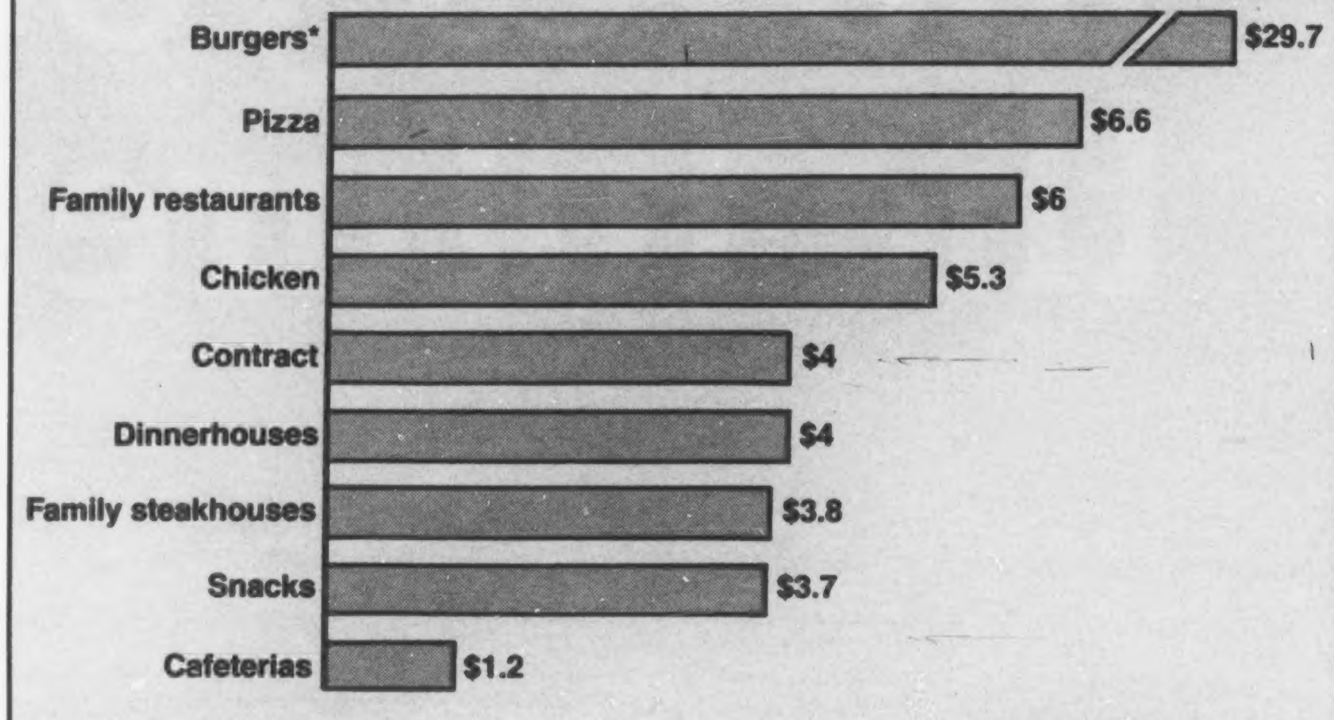
NRN research indicates snack chains will collectively raise their systemwide sales this year by 12.1 percent.

The burger segment reigns supreme as the Top 100's largest, with total systemwide sales of $29.7 billion.

The pizza segment's projected sales of $6.6 billion this year will propel it past contract feeders and family restaurants into the No. 2 slot.

TOP 100 CHAINS' SYSTEMWIDE SALES BY SELECTED SEGMENT

(In billions)



*Includes roast beef

Source: NRN *Research*

Kentucky
Fried
Chicken

A Kentucky Fried Chicken unit.

> NRN's *in-house research revealed that the 100 leading chains will steal enough business from weaker players this year to post systemwide sales of almost $74 billion, a 10 percent rise from the 1986 tally.*

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TOP 100 CHAINS: Ranked by Sales Per Unit

Rank 1987	Rank 1986	Chain	Fiscal Year Ends	Sales per Unit (By Fiscal Year, in Thousands) Current	Last Full	Previous
1	1	Ogden Allied Aviation	Dec.	$ 12,530.0	$ 11,720.0	$ 10,630.0
2	3	Sky Chefs	Dec.	9,120.0	5,690.0	5,250.0
3	2	Westin	April	8,000.0	7,800.0	7,800.0
4	4	Marriott Hotels	Dec.	5,900.0	5,500.0	5,200.0
5	5	Concession Air	Dec.	4,860.0	5,000.0	4,550.0
6	6	Hilton Hotels	Dec.	3,326.5	3,200.6	2,867.9
7	7	T.G.I. Friday's	Dec.	2,950.0	2,950.0	2,970.0
8	9	Houlihan's	Dec.	2,700.0	2,500.0	2,400.0
9	8	Brown Derby	May	2,689.0	2,689.0	2,636.0
10	12	Red Lobster	May	2,500.0	2,400.0	2,270.0
11	11	Sheraton Corp.	Dec.	2,500.0	2,400.0	2,400.0
12	17	Ryan's	Dec.	2,500.0	2,000.0	1,300.0
13	10	Luby's Cafeteria	Aug.	2,423.0	2,421.0	2,427.0
14	13	Bennigan's	May	2,300.0	2,300.0	2,265.0
15	15	Stuart Anderson's Black Angus	Dec.	2,200.0	2,200.0	2,200.0
16	14	Chi-Chi's	April	2,200.0	2,200.0	2,100.0
17	16	El Torito	Dec.	2,068.9	2,099.9	2,087.0
18	18	Chili's	June	2,000.0	1,980.0	1,950.0
19	19	Piccadilly Cafeterias, Inc.	June	1,890.6	1,896.5	1,902.8
20	20	Morrison's Cafeterias	May	1,886.2	1,850.0	1,740.0
21	21	Furr's	Dec.	1,802.0	1,822.0	1,823.0
22	22	Marie Callender's Pie Shop	Dec.	1,600.0	1,650.0	1,630.0
23	23	Wyatt Cafeterias	Dec.	1,535.0	1,525.0	1,525.0
24	26	McDonald's	Dec.	1,451.0	1,369.0	1,296.0
25	24	Radisson Hotel Corp.	Dec.	1,424.0	1,487.0	1,457.0
26	27	Bob Evans Farms	April	1,406.0	1,365.0	1,299.0
27	25	Steak and Ale	May	1,400.0	1,450.0	1,520.0
28	29	Sportservice	Dec.	1,360.0	1,300.0	1,250.0
29	32	Sizzler	April	1,350.0	1,214.0	1,099.2
30	28	Shoney's	Oct.	1,344.0	1,344.0	1,350.0
31	30	White Castle	May	1,300.0	1,278.0	1,245.0
32	34	Bakers Square	Dec.	1,240.0	1,175.0	1,158.0
33	33	York	May	1,215.4	1,180.0	1,125.0
34	44	Showbiz/Chuck E. Cheese	Dec.	1,200.0	975.0	792.0
35	37	Ground Round	Oct.	1,192.0	1,068.0	1,021.0
36	38	Ponderosa	Feb.	1,167.1	1,061.0	949.8
37	39	Denny's	June	1,113.0	1,060.0	1,000.0
38	43	Perkins Family Restaurants	Dec.	1,100.0	1,019.0	970.0
39	35	Po Folks	Sept.	1,100.0	1,170.0	1,270.0
40	42	Ogden Allied Services	Dec.	1,080.0	1,020.0	782.6
41	41	Burger King	May	1,080.0	1,020.0	1,100.0
42	36	Big Boy	Dec.	1,070.0	1,070.0	1,190.0
43	40	Seiler Corp.	Aug.	1,000.0	1,030.0	1,080.0
44	47	Western Steer	Feb.	1,000.0	921.0	899.0
45	46	Quincy's Family Steak House	Dec.	973.2	944.9	887.0
46	45	Grandy's	Dec.	950.0	972.0	1,020.0
47	49	Bonanza	Sept.	930.0	858.0	787.0
48	48	Roy Rogers	Dec.	927.5	875.0	855.0
49	51	Hardee's	March	875.7	842.0	806.0
50	52	Golden Corral	Dec.	870.3	786.6	716.5
51	50	Village Inn	Oct.	860.0	846.0	836.0
52	62	Carl's Jr.	Jan.	830.0	700.0	680.0
53	61	Jack-in-the-Box	Sept.	795.0	724.0	732.0
54	58	Western Sizzlin'	Oct.	782.2	732.2	761.8
55	53	ARA Services	Sept.	778.1	776.8	651.5
56	55	Holiday Inns	Dec.	773.8	750.4	743.2
57	57	Krystal	Jan.	770.0	733.0	682.0
58	56	Howard Johnson	May	750.0	750.0	759.0
59	54	Wendy's	Dec.	743.0	767.0	848.0
60	59	Popeyes	Oct.	730.0	730.0	725.0
61	60	Mr. Steak	Sept.	725.0	725.0	682.0
62	64	Friendly Restaurants	Dec.	720.0	689.0	652.0
63	63	Rax Restaurants Inc.	July	710.0	689.0	704.0
64	70	Whataburger	Sept.	680.0	606.0	579.0
65	65	Bojangles' Chicken 'N Biscuits	Dec.	670.0	640.0	640.0
66	69	Circle K	April	657.1	612.9	416.6
67	68	Country Kitchen	Dec.	642.0	622.0	601.0
68	67	Kentucky Fried Chicken	Dec.	641.0	623.0	595.0
69	71	International House of Pancakes	Dec.	626.6	590.8	537.0
70	72	Arby's	Dec.	600.0	560.0	560.0
71	73	Taco Bell	Dec.	588.5	550.0	539.0
72	74	Chick-fil-A	Dec.	560.0	540.0	520.0
73	75	Quality Inns	May	554.7	527.1	499.1
74	77	Shakey's Pizza	Sept.	552.0	505.0	480.0
75	78	Round Table Pizza	June	550.0	500.0	456.7
76	76	Long John Silver's	July	532.0	515.0	479.8
77	66	Ramada Inns	Jan.	526.3	631.5	570.1
78	81	Pizza Inn	Dec.	500.0	457.0	415.2
79	79	Domino's	Dec.	500.0	480.0	450.0
80	80	Pizza Hut	Dec.	476.0	468.0	422.5
81	82	Dunkin' Donuts of America	Oct.	472.5	454.4	431.9
82	83	Mr. Gatti's	July	432.0	436.0	465.0
83	84	Godfather's	May	430.0	420.0	375.0
84	86	Service America Corp.	March	413.1	401.4	360.1
85	87	Little Caesars	Dec.	413.0	397.0	378.0
86	89	Dairy Queen	Nov.	410.9	377.5	350.6
87	85	Canteen	Dec.	399.2	404.1	459.1
88	88	Church's	Dec.	387.0	391.4	433.5
89	90	Morrison Custom Management	May	347.7	344.6	349.8
90	91	Sonic Drive-In Restaurants	Aug.	326.8	309	301.0
91	92	Waffle House	May	303.0	306.0	297.0
92	93	Tastee Freez International	Dec.	297.4	292.3	276.7
93	94	A&W	Dec.	285.0	270.0	260.0
94	95	Carvel	Dec.	250.0	241.0	234.0
95	97	F. W. Woolworth	Jan.	212.0	185.0	183.0
96	96	Winchell's Donut Houses	Dec.	210.8	215.0	220.0
97	98	K mart	Jan.	186.0	182.0	182.0
98	99	Baskin-Robbins	Dec.	179.4	172.5	168.5
99	100	7-Eleven	Dec.	83.5	78.1	74.2
100	31	Disneyland/Disney World	Sept.	n/a	n/a	n/a
Total Top 100 Chains Sales per Unit				$1,364.6	$1,318.0	$1,259.3

Sales Per Unit: Units that have been in operation for at least 12 months prior to the end of the fiscal year. The Sales Per Unit table was extracted exclusively from the Top 100 Chains: Ranked by System-wide Sales table, where additional explanations and footnotes can be found.
Source: *NRN* research

TOP 100 CHAINS: Ranked by Number of Units

Rank 1987	Rank 1986	Chain	Fiscal Year Ends	Number of Units (By Fiscal Year) Current	Last Full	Previous
1	1	McDonald's	Dec.	9,900	9,410	8,901
2	2	7-Eleven	Dec.	7,892	7,672	7,519
3	3	Kentucky Fried Chicken	Dec.	6,905	6,575	6,396
4	4	Pizza Hut	Dec.	6,000	5,200	4,450
5	5	Burger King	May	5,579	5,179	4,743
6	6	Dairy Queen	Nov.	4,945	4,933	4,811
7	8	Domino's	Dec.	4,225	3,696	2,839
8	7	Wendy's	Dec.	3,900	3,727	3,442
9	9	Circle K	April	3,500	3,100	3,000
10	10	Hardee's	March	3,013	2,732	2,562
11	12	Taco Bell	Dec.	2,700	2,409	2,173
12	11	Baskin-Robbins	Dec.	2,628	2,542	2,502
13	13	Arby's	Dec.	1,883	1,683	1,544
14	21	Little Caesar	Dec.	1,864	1,308	900
15	15	K mart	Jan.	1,695	1,682	1,650
16	16	Canteen	Dec.	1,668	1,586	890
17	17	Dunkin' Donuts of America	Oct.	1,650	1,539	1,447
18	14	Holiday Inns	Dec.	1,646	1,683	1,707
19	18	Church's	Dec.	1,622	1,532	1,549
20	20	ARA Services	Sept.	1,600	1,350	1,450
21	19	Long John Silver's Seafood Shoppes	July	1,430	1,388	1,359
22	22	Service America Corp.	March	1,273	1,236	1,200
23	23	Denny's	June	1,259	1,199	1,168
24	24	Sonic Drive-In Restaurants	Aug.	970	970	970
25	25	Big Boy	Dec.	960	911	883
26	27	Jack-in-the-Box	Sept.	905	849	812
27	26	Carvel	Dec.	880	864	842
28	29	Friendly Restaurants	Dec.	842	826	752
29	28	F. W. Woolworth	Jan.	800	849	876
30	32	Morrison Custom Management	May	788	708	381
31	30	Pizza Inn	Dec.	770	748	727
32	31	Winchell's Donut Houses, L.P.	Dec.	735	741	825
33	37	Popeyes	Oct.	730	618	521
34	33	Quality Inn	May	721	664	601
35	34	Ponderosa	Feb.	716	661	620
36	35	Godfather's	May	700	650	671
37	36	Western Sizzlin'	Oct.	675	620	571
38	38	Waffle House	May	650	600	567
39	43	Sizzler	April	628	548	488
40	40	Bonanza	Sept.	610	560	542
41	44	Shoney's	Oct.	608	542	498
42	45	Round Table Pizza	June	600	535	450
43	41	Roy Rogers	Dec.	592	552	537
44	39	Ramada Inn	Jan.	570	570	570
45	49	Golden Corral	Dec.	549	484	453
46	42	A&W	Dec.	540	550	598
47	48	Rax Restaurants Inc.	July	522	498	443
48	46	Tastee Freez International	Dec.	511	520	560
49	47	Sheraton Corp.	Dec.	487	503	488
50	51	Carl's Jr.	Jan.	461	436	456
51	50	International House of Pancakes	Dec.	450	450	449
52	53	Red Lobster	May	412	392	386
53	52	Whataburger	Sept.	412	402	390
54	54	Howard Johnson	May	405	390	600
55	55	Shakey's Pizza	Sept.	383	386	393
56	56	Chick-fil-A	Dec.	370	345	319
57	57	Perkins Family Restaurant	Dec.	348	328	319
58	58	Mr. Gatti's	July	338	319	297
59	62	Village Inn	Oct.	275	259	264
60	61	Hilton Hotels	Dec.	271	266	256
61	60	Showbiz/Chuck E. Cheese	Dec.	270	268	280
62	63	Country Kitchen	Dec.	261	251	249
63	67	Seiler Corp.	Aug.	250	210	175
64	64	Krystal	Jan.	242	236	246
65	59	Bojangles' Chicken 'N Biscuits	Dec.	235	276	328
66	65	White Castle	May	234	223	207
67	72	Grandy's	Dec.	227	195	159
68	68	Bennigan's	May	220	210	203
69	69	Quincy's Family Steak House	Dec.	220	209	216
70	71	El Torito	Dec.	203	196	189
71	74	Western Steer	Feb.	202	184	186
72	77	Bob Evans Farms	April	201	175	152
73	75	Chi-Chi's	April	195	180	197
74	70	Ground Round	Oct.	191	199	210
75	81	Radisson Hotel Corp.	Dec.	185	140	75
76	78	Mr. Steak	Sept.	179	167	217
77	73	Steak and Ale	May	177	185	185
78	76	Po Folks	Sept.	176	176	161
79	79	Marriott Hotels	Dec.	175	165	149
80	80	Morrison's Cafeterias	May	167	156	153
81	92	Chili's	June	144	113	93
82	84	Marie Callender's Pie Shop	Dec.	140	124	112
83	83	Ogden Allied Services	Dec.	140	125	115
84	89	Bakers Square	Dec.	136	116	100
85	90	Sportservice	Dec.	128	115	100
86	88	Piccadilly Cafeterias, Inc.	June	128	116	108
87	82	Furr's	Dec.	127	130	124
88	85	T.G.I. Friday's	Dec.	127	124	113
89	86	Wyatt Cafeterias	Dec.	121	120	122
90	87	Stuart Anderson's Black August	Dec.	118	117	117
91	91	York	May	113	113	114
92	93	Luby's Cafeteria	Aug.	103	94	85
93	94	Ryan's	Dec.	93	70	53
94	97	Brown Derby	May	56	56	55
95	96	Westin	April	54	62	56
96	98	Houlihan's	Dec.	54	53	48
97	100	Concession Air	Dec.	36	13	11
98	95	Sky Chefs	Dec.	34	70	67
99	99	Ogden Allied Aviation Serv.	Dec.	16	16	16
100	—	Disneyland/Disney World	Sept.	2	2	2
TOTAL Top 100 Chains				107,254	100,438	94,213

Units: Individual restaurants, hotel properties or contract feeding accounts. The Number of Units table is extracted exclusively from the Top 100 Chains: Ranked by Systemwide Sales's table, where additional explanation and footnotes can be found.

Source: NRN *Research*

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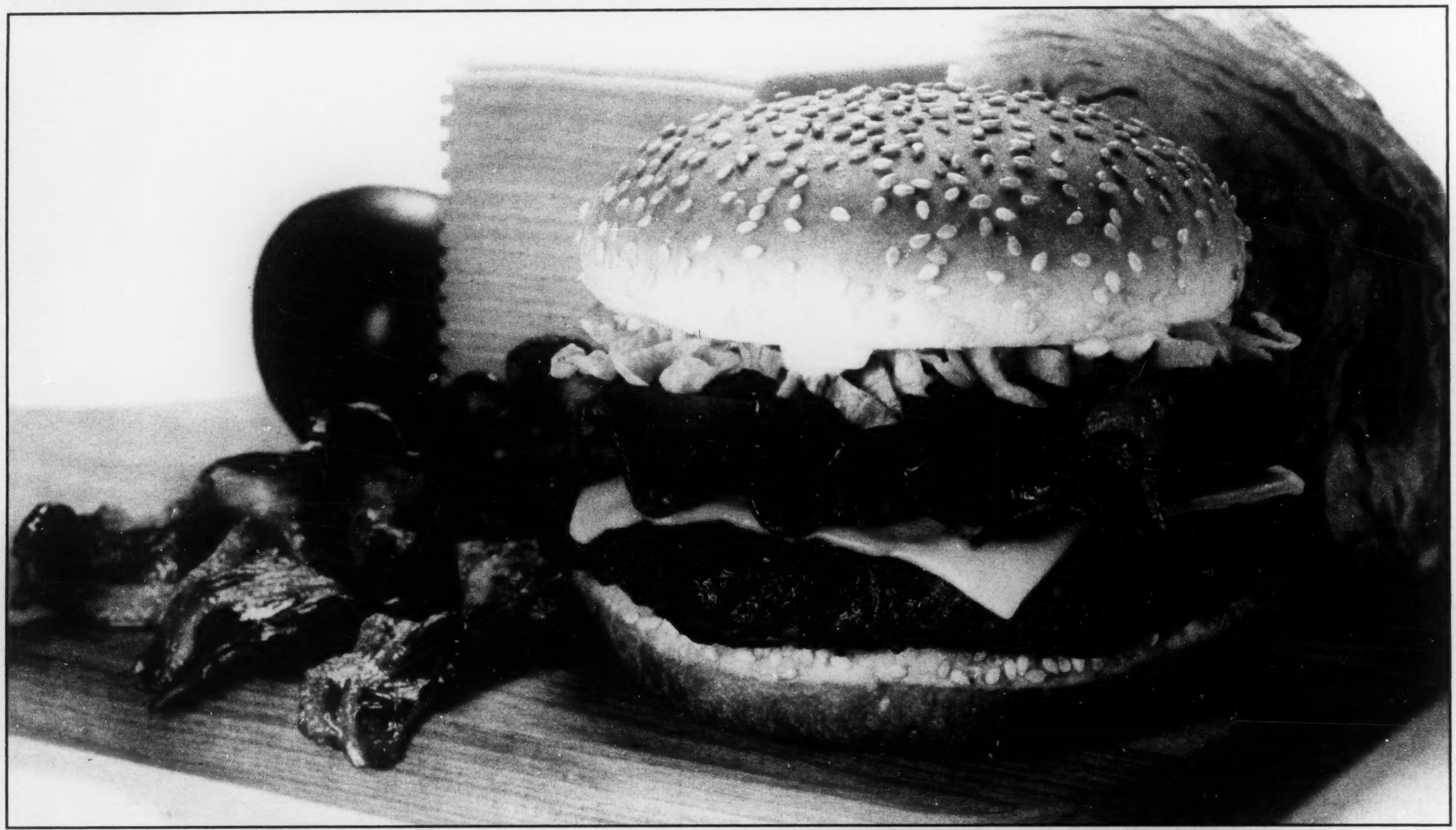

A Hardee's Bacon Cheeseburger

SALAD DAYS FOR BURGER CHAINS

After setting feathers flying with last year's chicken craze, McDonald's is again leading the burger segment in a rollout blitz with prepackaged salads.

By Rick Van Warner

Spurred by McDonald's rollout of prepackaged salads, a move that has stretched its hamburger segment lead, other burger chains have scrambled to follow suit.

Burger King, Wendy's, Hardee's, Arby's, and Rax have rolled out or are about to roll out packaged salad products. The packaged salad blitz, seemingly a result of rising drive-thru sales percentages and labor problems associated with salad bars, probably will trickle down to other players scrapping for hamburger market share.

In other tactics, Burger King and Wendy's are adding miniature burgers. With the small, economically priced products, those chains apparently are seeking to recapture customers that have been driven away by rising check averages, while responding to demands for convenience. The low-priced burgers also may be a response to the Sunbelt resurgence of drive-thru-only chains offering full-size hamburgers priced as low as 39 cents. Hardee's said it looked at smaller burgers but decided not to add them.

Burger King's Burger Bundles are flame-broiled 1-ounce cheeseburgers in packs of three or six. Pillsbury's chain also has downsized its Whopper from 4.2 ounces to 4 ounces. Wendy's has been testing 2-ounce Hot 'n Junior burgers for several months.

Small burgers have been the core of White Castle's and Krystal's business for years, but it remains to be seen whether there is a national market for the products. Some observers feel the mini-burgers will cannibalize sales of other menu items.

McDonald's and No. 3 Hardee's have outpaced the burger segment in recent months, while Burger King has battled against flat results and Wendy's has continued to struggle. Fueled by its new salads, whose reception has exceeded some expectations, McDonald's has continued consistent growth.

Analysts said salads should further

*(See **BURGERS**, page F26)*

Highlights:

- **McDonald's:** Rolls out prepackaged salads.
- **Burger King:** Burger Bundles are temporary addition to menu; reviews ad agencies.
- **Wendy's:** Big Classic sales spur "cautious optimism."
- **Hardee's:** Challenges Wendy's for No. 3 spot.
- **Arby's:** Tests chicken cordon bleu and corned beef reuben sandwich.
- **Rax:** Extends menu with pasta and The Works burger.
- **Carl's Jr.:** Tests ice cream sundae bars.

TOP BURGER CHAINS RANKED BY SYSTEMWIDE SALES

Top 100 Rank*			Fiscal Year Ends	Systemwide Sales (By Fiscal Year, in Millions)		
1987	1986	Chain		Current	Last Full	Previous
1	1	McDonald's	Dec.	$14,110.0	$12,432.0	$11,001.0
2	2	Burger King	May	5,590.0	5,032.0	4,500.0
4	5	Hardee's	March	3,030.0	2,700.0	2,400.0
5	4	Wendy's	Dec.	2,800.0	2,747.2	2,694.8
16	16	Arby's	Dec.	950.0	886.0	814.0
27	26	Jack-In-the-Box	Sept.	645.7	587.6	586.2
29	28	Roy Rogers	Dec.	591.0	547.0	512.0
43	45	Carl's Jr.	Jan.	382.5	343.6	335.7
45	46	Rax Restaurants Inc.	July	370.0	328.9	280.0
46	49	Sonic Drive-In Restaurants	Aug.	317.0	300.0	292.0
51	53	White Castle	May	300.0	276.9	249.4
61	61	Whataburger	Sept.	265.0	244.0	226.0
83	83	Krystal	Jan.	188.0	174.0	167.0
92	90	A&W	Dec.	154.1	150.0	156.0
TOTAL Top 100 Burger Segment Sales				$29,693.3	$26,749.2	$24,214.1

*Ranking refers to Top 100 Chains: Ranked by Systemwide Sales

Source: *NRN* research

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Burger chains roll packaged salads

> *'Driving to become a national force, Hardee's has gained ground on problem-plagued Wendy's, challenging it for the No. 3 spot. . . . As one Hardee's executive confidently stated recently, ''Even Burger King is looking over its shoulder.''*

(Continued from page F24)

bolster McDonald's lead as the top burger chain.

Driving to become a national force, Hardee's has gained ground on problem-plagued Wendy's, challenging it for the No. 3 spot. Riding the success of its one-quarter-pound hamburger product, Hardee's has surpassed Wendy's in average sales per unit and claims to have passed it in traffic share. As one Hardee's executive confidently stated recently, "Even Burger King is looking over its shoulder."

Hardee's has introduced prepackaged salads and soft-serve ice cream desserts in recent months. The chain is experimenting with downsized, limited-menu outlets in developed markets and has cautiously expanded its convenience store test with 7-Eleven. A Hardee's test unit in one 7-Eleven even opened a drive-thru window.

Although McDonald's and Hardee's seem to have weathered a period of flat sales throughout the food-service industry, dismal profit pictures have forced layoffs and other retrenchments at some chains. Several industry experts believe a shakeout is inevitable.

In recent months Burger King Corp. discharged 92 of 700 headquarters staffers and asked 15 more to move to regional offices. Wendy's cut 160 jobs, or 20 percent of its national administrative staff, in May. Rax laid off 35 employees in recent months. Additional cutbacks may follow at other chains.

Burger King and Wendy's have decentralized operations in conjunction with trimming their payrolls. The Burger King cutbacks were connected to renewed emphasis on the regional level. Several functions that were doubled at the corporate and regional levels were eliminated at the corporate level and redefined at the chain's 11 regional offices.

In other changes, former chief financial officer Charles Olcott became president of Burger King USA in October, and chairman and chief executive J. Jeffrey Campbell was named chairman of Pillsbury's restaurant group.

At Wendy's, following the resignation of Richard Postle as president of company operations, management of company stores was reorganized to put high-ranking executives in closer touch with store level operations. Since the executives now report to president Richard Near, the move gave him more direct control over company operations. Postle had previously overseen all company stores.

Wendy's also carved its seven districts into 12 regions, reducing the average number of stores under the direction of a regional supervisor from as many as 200 to about 100. As part of its back-to-basics approach, the company has added additional employees at the store level during peak periods for better customer service.

Wendy's has yet to recover from a disastrous breakfast program based on made-to-order omelets. The layoffs followed a first-quarter loss of $6.8 million.

But strong performance from the Big Classic, a hamburger with lettuce and tomato that competes head-to-head with McDonald's McD.L.T., has caused cautious optimism. The company also has lowered new construction costs and reduced spending on new restaurant development. Top executives have said they feel the worst is over.

Marketing will continue to be key

One of the greatest challenges Wendy's faces is getting its marketing efforts in order. Executive vice president of marketing William Welter, touted as the driving force behind the highly successful "Where's the Beef?" campaign, resigned in May in a dispute with top management over marketing direction. He has since been replaced by Charles Rath.

And Wendy's $50 million

*(See **BURGERS**, page F28)*

TOP BURGER CHAINS RANKED BY SALES PER UNIT

Top 100 Rank*		Chain	Fiscal Year Ends	Sales per Unit (By Fiscal Year, in Thousands)		
1987	1986			Current	Last Full	Previous
24	26	McDonald's	Dec.	$1,451.0	$1,369.0	$1,296.0
31	30	White Castle	May	1,300.0	1,278.0	1,245.0
41	41	Burger King	May	1,080.0	1,020.0	1,100.0
49	51	Hardee's	March	875.7	842.0	806.0
48	48	Roy Rogers	Dec.	927.5	875.0	855.0
52	62	Carl's Jr.	Jan.	830.0	700.0	680.0
53	61	Jack-in-the-Box	Sept.	795.0	724.0	732.0
57	57	Krystal	Jan.	770.0	733.0	682.0
59	54	Wendy's	Dec.	743.0	767.0	848.0
63	70	Rax Restaurants Inc.	July	710.0	689.0	704.0
64	70	Whataburger	Sept.	680.0	606.0	579.0
70	72	Arby's	Dec.	600.0	560.0	560.0
90	91	Sonic Drive-In Restaurants	Aug.	326.8	309.3	301.0
93	94	A&W	Dec.	285.0	270.0	260.0
AVERAGE Top 100 Burger Chain Sales per Unit				$ 812.4	$ 767.3	$ 760.6

*Ranking refers to Top 100 Chains: Ranked by Sales Per Unit

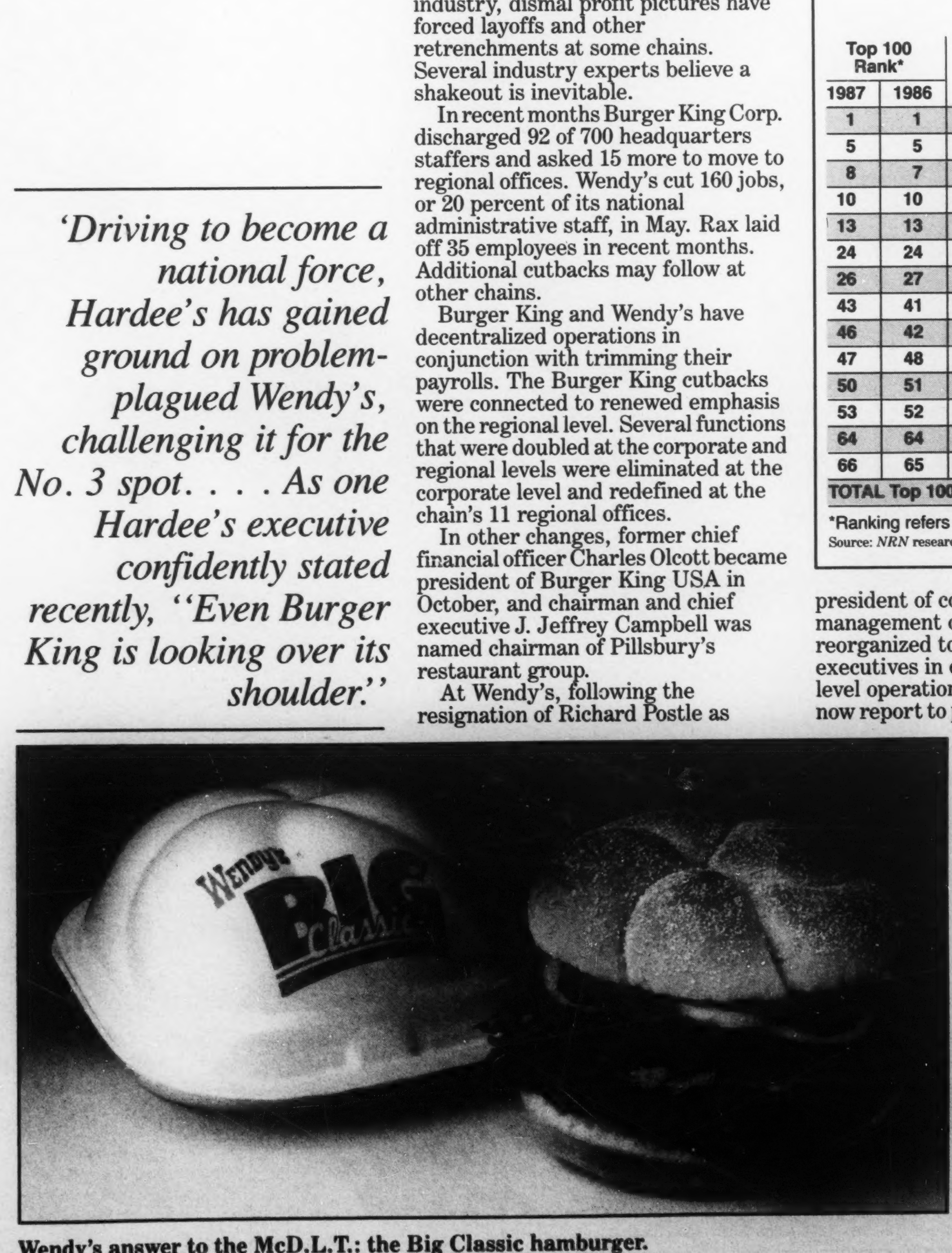
Source: *NRN* research

TOP BURGER CHAINS RANKED BY NUMBER OF UNITS

Top 100 Rank*		Chain	Fiscal Year Ends	Number of Units (By Fiscal Year)		
1987	1986			Current	Last Full	Previous
1	1	McDonald's	Dec.	9,900	9,410	8,901
5	5	Burger King	May	5,579	5,179	4,743
8	7	Wendy's	Dec.	3,900	3,727	3,442
10	10	Hardee's	March	3,013	2,732	2,562
13	13	Arby's	Dec.	1,883	1,683	1,544
24	24	Sonic Drive-In Restaurants	Aug.	970	970	970
26	27	Jack-in-the-Box	Sept.	905	849	812
43	41	Roy Rogers	Dec.	592	552	537
46	42	A&W	Dec.	540	550	598
47	48	Rax Restaurants Inc.	July	522	498	443
50	51	Carl's Jr.	Jan.	461	436	456
53	52	Whataburger	Sept.	412	402	390
64	64	Krystal	Jan.	242	236	246
66	65	White Castle	May	234	223	207
TOTAL Top 100 Burger Units				29,162	27,447	25,821

*Ranking refers to Top 100 Chains: Ranked by Number of Units

Source: *NRN* research



Wendy's answer to the McD.L.T.: the Big Classic hamburger.

Burger chains change ad agencies

(Continued from page F26)

advertising account has continued to change hands. DFS Dorland Worldwide lost the creative portion of the account to Dick Rich Inc. late last year, a move that reportedly was directly related to Welter's departure. After the Rich-produced "Give a little nibble" campaign flopped after just seven weeks, the company dumped Rich in favor of Backer & Spielvogel.

That move also left Arby's, an account that Backer & Spielvogel had to drop to get the Wendy's business, shopping for an agency.

The "nibble" ads were part of Wendy's back-to-basics strategy. "We're focusing our efforts on the hamburger business, where we've been most successful," said chairman and chief executive Robert Barney earlier this year.

The campaign was slated to run from seven to nine months. While a new campaign is developed, a process that may take several months, Wendy's has dusted off old DFS Dorland spots that were previously shelved.

Wendy's is not the only burger chain with marketing problems. Burger King, which has aired a string of seemingly ineffectual campaigns starting with the "Herb" fiasco, recently placed its $200 million-per-year account up for review. J. Walter Thompson, which has had the account for 11 years, is among the agencies vying for the business.

It's unclear whether the chain's current "The Best Food for Fast Times" campaign, which promotes a variety of products while stressing convenience, will help rejuvenate sales. The chain is seeking a more local focus through its advertising and marketing efforts. Burger King is the only company among the big three burger chains that doesn't utilize a local cooperative advertising program.

'Meanwhile, McDonald's has been debuting its new salads through a national advertising campaign. It successfully has boosted traffic with a monopoly game promotion as well.'

Meanwhile, McDonald's has been debuting its new salads through a national advertising campaign. It successfully has boosted traffic with a monopoly game promotion as well.

BURGER SEGMENT PRICE DATA

(For Selected Chains)

Chain	Average Per-Person Check (By Fiscal Year)			Menu Price Increase (By Fiscal Year)		
	Current	Last Full	Previous	Current	Last Full	Previous
Burger King	n/a	$3.08	$3.03	n/a	3.6%	2.2%
Wendy's	4.18	4.15	4.14	2.5	1.4	2.6
Arby's	3.60	3.40	3.30	1.0	1.2	1.0
Jack-in-the-Box	3.45	3.25	3.20	3.0	2.5	2.7
Roy Rogers	3.60	3.51	3.43	5.0	2.3	3.0
Rax Restaurants Inc.	3.00	3.00	3.00	0.0	0.0	0.0
Sonic Drive-In Restaurants	2.07	2.10	2.09	0.2	0.0	0.0
Krystal	2.55	n/a	n/a	2.0	0.0	0.8

Source: *NRN* research

BURGER SEGMENT MARKET SHARE

Top 100 Rank*		Chain	Fiscal Year Ends	Market Share (By Fiscal Year)		
1987	1986			Current	Last Full	Previous
1	1	McDonald's	Dec.	47.52%	46.40%	45.40%
2	2	Burger King	May	18.83	18.81	18.58
4	5	Hardee's	March	10.20	10.09	9.91
5	4	Wendy's	Dec.	9.43	10.27	11.13
16	16	Arby's	Dec.	3.20	3.31	3.36
27	26	Jack-in-the-Box	Sept.	2.17	2.20	2.42
29	28	Roy Rogers	Dec.	1.99	2.04	2.11
43	45	Carl's Jr.	Jan.	1.29	1.28	1.39
45	46	Rax Restaurants Inc.	July	1.25	1.23	1.16
46	49	Sonic Drive-In Restaurants	Aug.	1.07	1.12	1.21
51	53	White Castle	May	1.01	1.04	1.03
61	62	Whataburger	Sept.	0.89	0.91	0.93
83	83	Krystal	Jan.	0.63	0.65	0.69
92	90	A&W	Dec.	0.52	0.56	0.64

*Ranking refers to Top 100 Chains: Ranked by Systemwide Sales

Source: *NRN* research

Hardee's will continue to attack the other burger biggies with its ad messages. The "We're out to win you over" campaign criticized the top three chains for their constantly changing burger products.

As the burgers wars rage on, battles will continue to be won and lost on the television advertising front.

Arby's quietly beefs up

While the leading burger chains go after each other through extensive advertising campaigns, Arby's has quietly strengthened its position by emphasizing that it's different. The roast beef chain has solidified its spot as the segment's fifth-largest player in sales and total stores.

New products have been added in attempts to draw new customers and boost check averages. Prepackaged salads will probably replace the salad bar in most markets. And while the big burger chains tinker with miniature products, Arby's has gone the other way by introducing a new, 5-ounce Giant roast beef sandwich.

"It's an opportunity to go against the grain," said Frank Belatti, marketing group vice president, noting that television ads criticize the mini-products and tout the Giant as a wholesome, hearty product.

Under the direction of a management team headed by chief executive Leonard Roberts, Arby's has successfully reversed

*(See **BURGERS**, page F88)*

A Hardee's unit. Insets, left to right: Jack Laughery, Imasco USA chairman and chief executive officer; Bill Prather, Hardee's president and chief operating officer; and Gary Langstaff, Hardee's executive vice president of marketing.

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A Kentucky Fried Chicken restaurant.

Mrs. Winner's
CHICKEN & BISCUITS
BREAKFAST
DRIVE THRU
WELCOME
Mrs. Winner's

A Mrs. Winner's Chicken & Biscuits unit.

CHICKEN CHAINS CHECK OUT THE BASICS

With consumers clutching their dollars and burger bigs nibbling at business, this segment hopes mini-sandwiches will offer value and build market share

By Marilyn Alva

Their feathers frayed or broken from a segment shakeout, survivors left in the fast-food chicken field are regrouping for a new consumer assault based on back-to-basics and value-driving strategies.

The most notable new ammunition in a game perceived to be driven by consumers' unwillingness to pay more money for fast-food purchases are the new 39-cent miniature chicken sandwiches now being offered by Kentucky Fried Chicken, Popeyes, and Bojangles'.

In addition to meeting value objectives, the low-priced sandwiches are also designed to meet the competitive challenges of the marauding burger chains that have so clipped chicken wings in recent years.

Such sandwiches are already working to build lunch business, traditionally hamburger's domain.

The mini-sandwiches fit into the segment's general policy these days of holding prices in check, a move considered necessary in disinflationary periods like the present one.

Operators realize they just can't pass along price increases as they could in inflationary days. "Our customers won't pay them," said one chain executive.

Summing up the mood of operators this past year, another executive commented: "Everybody has been shocked this year. The biggest thing was the shakeout. It was tough to sustain growth."

Indeed, Church's and Popeyes, both heavily concentrated in oil-patch areas, suffered from flat or declining sales and closed troubled units, while some smaller chicken chains fared far worse.

For example, Bojangles' Chicken 'N Biscuits, once the fourth-largest chicken chain, with nearly 350 units, incurred a $34 million writeoff in the third quarter of last year and has pared its units to 221. It blamed overexpansion in a saturated market and the economy. Horn & Hardart has put the chicken chain up for a sale or a spinoff.

Mrs. Winner's also suffered major losses, has closed a number of stores, and considered a sellout, while Pioneer Chicken, on the West Coast, is struggling with a class action suit by

*(See **CHICKEN**, page F33)*

TOP CHICKEN CHAINS RANKED BY SYSTEMWIDE SALES

Top 100 Rank*		Chain	Fiscal Year Ends	Systemwide Sales (By Fiscal Year, in Millions)		
1987	1986			Current	Last Full	Previous
3	3	Kentucky Fried Chicken	Dec.	$3,700.0	$3,500.0	$3,100.0
19	18	Church's	Dec.	599.0	577.6	639.9
33	37	Popeyes	Oct.	460.0	400.0	335.0
56	56	Grandy's	Dec.	202.3	172.4	145.0
65	59	Chick-fil-A	Dec.	200.0	181.4	161.6
67	72	Bojangles' Chicken 'N Biscuits	Dec.	165.0	195.0	200.0
TOTAL Top 100 Chicken Segment Sales				$5,326.3	$5,026.4	$4,581.5

*Ranking refers to Top 100 Chains: Ranked by Systemwide Sales

Source: *NRN* research

TOP CHICKEN CHAINS RANKED BY SALES PER UNIT

Top 100 Rank*		Chain	Fiscal Year Ends	Sales per Unit (By Fiscal Year, in Thousands)		
1987	1986			Current	Last Full	Previous
46	45	Grandy's	Dec.	$950.0	$972.0	$1,020.0
60	59	Popeye's	Oct.	730.0	730.0	725.0
68	67	Bojangles'	Dec.	670.0	640.0	640.0
72	74	Kentucky Fried Chicken	Dec.	641.0	623.0	595.0
88	88	Chick-fil-A	Dec.	560.0	540.0	520.0
89	88	Church's	Dec.	387.0	391.4	433.5
AVERAGE Top 100 Chicken Chain Sales per Unit				$656.3	$649.4	$ 655.6

*Ranking refers to Top 100 Chains: Ranked by Sales Per Unit

Source: *NRN* research

Highlights:

- **Kentucky Fried Chicken:** Backs national rollout of 39¢ Chicken Little sandwiches with $40 million ad campaign.
- **Church's Fried Chicken:** Promoting image as a value-driven provider of low-cost meals.
- **Popeyes Fried Chicken:** Adds Little Chickadee mini chicken sandwiches; scraps home delivery test.
- **Mrs. Winners:** Plans test of new meat and vegetable items; suffers big losses.
- **Pioneer Take-Out:** Court battle with some franchisees drags on.
- **Grandy's:** Expansion slowed by new owners—Anwar Soliman's The American Restaurant Group.
- **Bojangles:** Institutes back-to-basics operations program; adds Bo-Jrs. chicken sandwiches, Buffalo chicken wings and Bo to Go breakfast boxes to menu.
- **Chick-fil-A:** Sales rise 4 percent to $540,000 at mostly mall-unit chain; more freestanding units to open.

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Chicken chains check out the basics

(Continued from page F30)

its franchisees.

Upscale Grandy's, with its broad-based menu, has also suffered unit sales declines and has been tossed around by so many owners in the last two years that not many know who controls it anymore. Answer: Anwar Soliman's The American Restaurant Group, which has plans to build only six to 10 company stores a year, down considerably from its building heyday years of the early 1980s.

A reason for optimism

Despite all their woes, the chicken players have reason to be more optimistic now than they have been. For the first time this year per-capita consumption of chicken is expected to eclipse that of red meat, and with the already saturated hamburger segment still attracting newcomers, such as the double drive-thrus, many believe there is still plenty of room for growth in the chicken segment.

The leaders say the regional char-broiled chicken chains, such as El Pollo Loco and El Pollo Asado, are still too small to be considered a serious threat.

"We think the worst is behind us. And it wasn't fun," said C. H. ("Buzz") Roman, chief executive officer of Church's. "We're pumped up now."

"The three major players are left in the game, and now it's time to play the game," Roman added.

Industry leader Kentucky Fried Chicken (KFC), the McDonald's of the chicken chains with about 6,900 units projected for this year, commands about 45 percent of the $5.5 billion domestic chicken industry. So any new business plan it undertakes is not taken lightly by the others in the industry.

And this year KFC's focus is on its new 39-cent Chicken Littles, which are being backed by a not so little $40 million in advertising support.

As a "value" alternative to hamburgers, they are meant to capture the multi-billion-dollar quick-service sandwich business, dominated by the burger chains, by bringing in new customers, especially at lunch, when chicken sales have traditionally been slow. Dinner has always been chicken's forte.

The all-American lunch

"The all-American lunch is a sandwich, fries, and a Pepsi," said a KFC spokeswoman. The Pepsi reference was obviously meant to underscore KFC's purchase by PepsiCo last fall, for $841 million.

Chicken Littles tested extremely well, and the product was expected to be a national menu item by the end of July.

KFC's image enchancement remodelings continue, and it is back on target with one store a day opening around the world.

Growth in the Pacific basin is especially strong. The chain's largest restaurant, with 500 seats in three stories, is slated to open in Beijing, China, this fall off Tian'an Square.

A roast chicken product, KFC's answer to the health lobby, is in test and doing well, according to the chain. Also still in test is home delivery, which KFC officials decline to comment on. Popeyes recently abandoned its expensive home delivery tests. They had proved unprofitable.

Rather than introduce me-too 39-cent chicken sandwiches, Church's Fried Chicken plans to emphasize its "everyday low prices," a move reminiscent of its early days as a value-driven provider of low-cost fast-food meals.

"We want to see ourselves as the Wal-Mart of the food business," Roman said. "Our historic market niche is to give more for the money."

Church's, the second-largest, but much smaller, chicken chain after KFC, with about 1,550 units, has had a difficult year in the face of soft sun- and oil-belt sales and a leveraged buyout attempt that was ultimately turned back.

In addition to several store closings, average annual unit sales declined by more than $40,000.

TOP CHICKEN CHAINS RANKED BY NUMBER OF UNITS

Top 100 Rank*		Chain	Fiscal Year Ends	Number of Units (By Fiscal Year)		
1987	1986			Current	Last Full	Previous
3	3	Kentucky Fried Chicken	Dec.	6,905	6,575	6,396
19	18	Church's	Dec.	1,622	1,532	1,549
33	37	Popeyes	Oct.	730	618	521
56	56	Chick-fil-A	Dec.	370	345	319
65	59	Bojangles' Chicken 'N Biscuits	Dec.	235	276	328
67	72	Grandy's	Dec.	227	195	159
TOTAL Top 100 Chicken Unit				10,089	9,541	9,272

*Ranking refers to Top 100 Chains: Ranked by Number of Units

Source: *NRN* research

CHICKEN SEGMENT MARKET SHARE

Top 100 Rank*		Chain	Fiscal Year Ends	Market Share (By Fiscal Year)		
1987	1986			Current	Last Full	Previous
3	3	Kentucky Fried Chicken	Dec.	69.47%	69.63%	67.66%
19	18	Church's	Dec.	11.25	11.49	13.9
33	37	Popeye's	Oct.	8.64	7.96	7.31
56	56	Grandy's	Dec.	3.80	3.43	3.16
65	59	Chick-fil-A	Dec.	3.75	3.61	3.53
67	72	Bojangles'	Dec.	3.10	3.88	4.37

*Ranking refers to Top 100 Chains: Ranked by Systemwide Sales

Source: *NRN* research

But an eager chief operating officer, Roman, and a capable chairman, J. David Bamberger, have a number of turnaround strategies planned, among which are menu simplification, reduced menu prices, speedier and more efficient service, and upgraded unit exteriors.

A new marketing director was hired, Wally Winslow, whose first act was to name a hotshot Dallas ad shop, The Bloom Agency, to produce "creative breakthroughs," which, it is hoped, will help turn sales around.

Ads by Bloom Agency

The Bloom Agency is headed by Seth Werner, the author of the award-winning California Raisin Board's "I Heard it through the Grapevine" dancing raisins commercials.

No new products are planned for several months, nor will new units be built until mid-1988, while the chain works to rebuild unit sales, Roman said.

Popeyes Fried Chicken & Biscuits, also based in the oil-depressed South, also suffered from soft sales, with about 1-percent average comparable store declines in the first half of this year.

"Being No. 3 is not so bad when you're holding your own and everyone else is going downhill," said Popeyes founder and president Al Copeland.

"It's tough when you're used to growing," added Popeyes' chief

*(See **CHICKEN**, page F34)*

A Church's Fried Chicken unit.

Church's, the second-largest chicken chain after KFC, has had a difficult year in the face of soft sun- and oil-belt sales, and a leveraged buyout attempt that was ultimately turned back.

Chicken chains check out the basics

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operating officer Ron Lewis. Some areas, however, such as Florida, California, and New England, have been stronger.

Of the biggest chicken chains, third-place Popeyes, with 650 units, enjoys the highest average unit volumes, about $730,000 per store.

'Spicy' emphasis continued

Copeland said home delivery was not practical for fast-food chicken, which is a product not difficult to obtain. 'Chicken is not pizza,' said Copeland.

Popeyes wants to continue to emphasize its "spicy" New Orleans roots and Cajun-style food, but to keep competitive, it has introduced its own version of KFC's Chicken Littles, 39-cent Little Chickadees, in its home market in New Orleans.

The big question with the small sandwiches, said Copeland, is whether they will lower check averages by cannibalizing sales of higher ticket items. The jury is still out.

On another test front, Popeyes cancelled home delivery tests in 35 units in New Orleans, Houston, and Dallas after they proved to be unprofitable.

CHICKEN SEGMENT PRICE DATA

(For Selected Chains)

Chain	Average Per-Person Check (By Fiscal Year)			Menu Price Increase (By Fiscal Year)		
	Current	Last Full	Previous	Current	Last Full	Previous
Kentucky Fried Chicken*	$5.20	$5.15	$5.00	1.0%	n/a	n/a
Church's	3.65	3.65	3.56	0.0	1.8%	2.3%
Popeyes	4.10	4.10	4.00	n/a	3.0	3.0
Grandy's	3.08	3.00	2.90	n/a	3.8	2.7
Chick-fil-A	2.80	2.75	2.62	1.2	2.6	0.3
Bojangles'	3.20	3.05	2.85	0.0	7.0	4.0
AVERAGE for Chains Listed	$3.67	$3.62	$3.49	0.4	3.0	2.1

Source: *NRN* research
* Average transaction

Copeland said home delivery was too labor intensive, too costly, and not practical for fast-food chicken, which is a product not difficult to obtain. "Chicken is not pizza," said Copeland, noting it took an expensive home delivery trial to underscore that point.

Although some industry observers speak of Bojangles' Chicken 'N Biscuits in the past tense, the Horn & Hardart-owned chain has worked this year to restructure operations in the wake of a $34 million writeoff following a second-quarter operating loss of $2.4 million last year.

According to Carlos Garcia, who is president of Horn & Hardart's restaurant group and refers to himself as "the turnaround guy," "The restructure is finished, and we're not dead."

Garcia closed or franchised dozens of unprofitable company stores and instituted "back-to-basics" store level operations to a point where cash flow was at a breakeven point early this summer.

Diet Coke
Coke

At right, Al Copeland, founder and president of Popeyes Famous Fried Chicken & Biscuits; below, one of the chain's restaurants.

Popeyes FAMOUS FRIED CHICKEN & BISCUITS

Moving forward

"Now we're moving forward," Garcia said, noting the rollout of Bo-Jrs., the tiny chicken sandwiches in the KFC vein, and Buffalo-style chicken wings, which in Florida have accounted for 18 percent of sales.

A "Bo to Go," a $1.69-to-$1.89 breakfast box including a breakfast sandwich, coffee, and juice, was also added to the system and is adding 12- percent sales increases to breakfast business, according to Garcia.

The only question left is, Who will own Bojangles' next year?

Ownership turnover has been only one of Grandy's problems.

According to Carlos Garcia, president of Horn & Hardart's restaurant group and self-described 'turnaround guy,' 'The restructure is finished, and we're not dead.'

After purchasing Grandy's from its Saga parent, Marriott in turn rolled the chain over to The American Restaurant Group, headed by Anwar Soliman. The chain was left on hold while Soliman secured the necessary financing, which took all of last summer and most of the winter.

Added to such uncertainties were soft sales in oil-belt locations where Grandy's units are concentrated. Only in Tampa and Fort Meyers, Fla., were double-digit real sales increases seen.

Mrs. Winner's Chicken & Biscuits didn't have much to crow about, having suffered 12-percent declines in guest counts in January 1987 over the previous-year results and an operating profit falloff of 23 percent, partly because of heavy discounting.

Smaller discounts offered

As a consequence, the chain, operated by the Winners Corp., offered smaller discounts during the second quarter of this year, although it did introduce a discount "Lunch Break" program to build customer counts.

Mrs. Winner's plans to test new meat and vegetable menu items.

"Insulated in the malls," Chick-fil-A's peaks and valleys are different from the vicissitudes of the other fast-food chicken chains, as the chain's spokesman, Don Perry, likes to phrase it.

"The good news is that there is no bad news," Perry said happily. Chick-fil-A's sales growth has been fueled by new unit development, from 319 at the end of 1985 to 345 at 1986's yearend, with average unit sales of $540,000 last year, a 4-percent increase over the preceding-year results.

But with its mall niche nearly saturated, the chain is now developing free-standing units and a new coffee house concept. Its first free-standing unit in its Atlanta hometown generated $1.5 million in its first eight and one-half months of operation.

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A Domino's assembly line.

PIZZA CHAINS SHIFT INTO HIGH GEAR

The focus has changed from home delivery to quick delivery, and now the convenience stores are getting a slice of the action

By Ken Frydman

The emphasis is on speed—in preparation, service, and delivery—as the nation's pizza chains attempt to keep up with consumers' endless appetite for dough, tomato sauce, and mozzarella cheese.

Last year's big pizza news was home delivery, pizza by-the-slice, and the introduction of new menu items, such as Godfather's $2 Hot Slices, Round Table's wheat-crust pizza, Shakey's seafood pizza, and Pizza Hut's Calizza calzone.

This year's momentous pizza trend is quickness, which rivals traditional fast-food service and convenience store efficiency.

Pizza has yet to supplant hamburgers as America's favorite fast food, but the Pizza Huts, Domino's, Little Caesars, and Godfather's are spearheading a multi-billion-dollar segment that might be the most innovative in food service.

Pantera's, formerly a 120-unit regional chain based in St. Louis, should become a pizza power now that it has acquired the 770-unit Pizza Inn company of Dallas.

Even smaller pizza chains, such as Shakey's, Mr. Gatti's, Round Table, and Showbiz/Chuck E. Cheese, are making moves in their respective markets.

And, to top it off, convenience store chains are competing for pizza sales. More than 3,000 convenience store units currently feature some form of pizza, according to a survey of 26 convenience store chains conducted recently by *Convenience Store News*. Casey's General Stores offer made-from-scratch pizza, Circle K carries ready-to-heat microwaveable pizza, and 7-Eleven has French bread or Italian-style thin-and crispy fresh-baked pizza.

Pizza Inn, deciding if you can't beat 'em, join 'em, has tentatively agreed with the 4,050-unit Phoenix, Ariz.-based Circle K operation to develop several Pizza Inn Express test sites within Circle K stores in the Houston market. The mini-pizza shops will each occupy approximately 250 square feet and offer both take-out and home delivery.

"We think that home delivery, coupled with Pizza Inn's brand-name products and relatively-high sales per transaction, will prove compatible with Circle K's high-traffic, high-visibility locations and convenient, quick-service format," said Stephen E. Schwitalla, Circle K's senior vice president of food service.

Responding to the convenience store challenge, most pizza chains are attacking 7-Eleven and Circle K in their strength: with speed and convenience.

Most pizza chains have jumped on the express lunch trend bandwagon. Godfather's has implemented a three-

(See **PIZZA**, page F40)

TOP PIZZA CHAINS RANKED BY SYSTEMWIDE SALES

Top 100 Rank*		Chain	Fiscal Year Ends	Systemwide Sales (By Fiscal Year, in Millions)		
1987	1986			Current	Last Full	Previous
6	6	Pizza Hut	Dec.	$2,450.0	$2,150.0	$1,880.0
8	8	Domino's	Dec.	1,800.0	1,550.0	1,084.0
19	30	Little Caesar	Dec.	770.0	520.0	340.0
51	52	Pizza Inn	Dec.	300.0	278.7	265.5
52	54	Godfather's	May	300.0	275.0	260.0
54	59	Round Table Pizza	June	300.0	250.0	196.4
59	61	Showbiz/Chuck E. Cheese	Dec.	280.0	249.0	217.0
76	72	Shakey's Pizza	Sept.	212.6	197.0	196.3
97	93	Mr. Gatti's	July	146.0	139.2	138.3
TOTAL Top 100 Pizza Segment Sales				$6,558.6	$5,608.9	$4,577.5

*Ranking refers to Top 100 Chains: Ranked by Systemwide Sales

Source: *NRN* research

Highlights:

- **Pantera's:** New pizza powerhouse would result from pending acquisition of 770-unit Pizza Inn.
- **Casey's General Stores:** Grocery chain adds made-from-scratch pizza
- **Pizza Inn:** develops Pizza Inn Express sites with Circle K.
- **Godfather's:** adds pizza by the slice with three-minute waiting time.
- **Pizza Hut:** express lunch program—Personal Pan Pizza and Calizza calzones served within five minutes of ordering—helps boost lunch sales to 25 percent of total sales.
- **Domino's:** Launches video satellite network to communicate with franchisees and commissaries.
- **Little Caesars:** Sales jump 52 percent, to $770 million, at 1,864 units.

Pizza chains shift into high gear

(Continued from page F39)

minute, by-the-slice program, and Pizza Hut guarantees customers will be served a single-serving-sized Personal Pan Pizza or Calizza calzone within five minutes of entering a unit—or the next pizza is free.

"We haven't given away many free pizzas, and our sales are up an average 10 percent per unit [$476,000] since the same period last year," said Pizza Hut spokesman Mike Jenkins. "In the pizza segment the emphasis is on speed, so why not be the fastest?"

Evolution of express lunch

Pizza Hut's express-lunch program, in place in nearly all 2,500 company-owned stores, evolved from its quick-lunch program, begun in 1983.

"Pizza Hut's express lunch programs have helped position pizza as something besides a dinner item," said Ron Paul, president of Technomic Inc., a Chicago-based food-service consulting firm.

Added Jenkins: "Since we introduced Personal Pan Pizza four years ago, the emphasis has shifted away from speedy service. With the express lunch concept we want to remind people that pizza is an option for lunch."

Quick-lunch service has helped Pizza Hut grab a big slice of the lunchtime market. Before the program's introduction, Pizza Hut recorded the bulk of its business at dinner. Today approximately 25 percent of the chain's $2.45 billion in systemwide sales is generated at midday.

Solo pies offered

Most pizza chains, owing credit to Pizza Hut, now offer a single-serving pie, which can be baked quickly or preprepared and kept in a holding area. Some have slashed serving time by selling pizza by the slice.

For instance, the 700-unit Godfather's chain now features a money-back promise that its Hot Slice pizza, sold by the slice, will be served in less than three minutes.

The majority of pizza chains are also building all-day traffic with special discount promotions. Two-for-one pizzas or discounted pies are available

*(See **PIZZA**, page F43)*

> *'Pizza Hut guarantees customers will be served a single-serving-sized Personal Pan Pizza or Calizza calzone within five minutes of entering a unit—or the next pizza is free.'*

TOP PIZZA CHAINS RANKED BY SALES PER UNIT

Top 100 Rank*			Fiscal Year Ends	Sales per Unit (By Fiscal Year, In Thousands)		
1987	1986	Chain		Current	Last Full	Previous
74	77	Showbiz/Chuck E. Cheese	Dec.	$1,200.0	$975.0	$792.0
75	78	Shakey's Pizza	Sept.	552.0	505.0	480.0
79	70	Round Table Pizza	June	550.0	500.0	456.7
78	81	Domino's	Dec.	500.0	480.0	450.0
80	80	Pizza Inn	Dec.	500.0	457.0	415.2
82	83	Pizza Hut	Dec.	476.0	468.0	422.5
83	84	Mr. Gatti's	July	432.0	436.0	465.0
85	87	Godfather's	May	430.0	420.0	375.0
82	84	Little Caesar	Dec.	413.0	397.0	378.0
AVERAGE Top 100 Pizza Chain Sales per Unit				$ 561.4	$515.3	$470.5

*Ranking refers to Top 100 Chains: Ranked by Sales Per Unit
Source: *NRN* research

TOP PIZZA CHAINS RANKED BY NUMBER OF UNITS

Top 100 Rank*			Fiscal Year Ends	Number of Units (By Fiscal Year)		
1987	1986	Chain		Current	Last Full	Previous
4	4	Pizza Hut	Dec.	6,000	5,200	4,450
7	8	Domino's	Dec.	4,225	3,696	2,839
14	21	Little Caesars	Dec.	1,864	1,308	900
31	30	Pizza Inn	Dec.	770	748	727
36	35	Godfather's	May	700	650	671
42	45	Round Table Pizza	June	600	535	450
55	55	Shakey's Pizza	Sept.	383	386	393
58	58	Mr. Gatti's	July	338	319	297
61	60	Showbiz/Chuck E. Cheese	Dec.	270	268	280
TOTAL Top 100 Pizza Units				15,150	13,110	11,007

*Ranking refers to Top 100 Chains: Ranked by Number of Units
Source: *NRN* research

Left: Thomas S. Monaghan, president and founder of Domino's Pizza Inc.

Herman Cain
Godfather's president

Mike Ilitch
Little Caesars president

Steve Reinemund
Pizza Hut president, ceo

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Pizza chains shift into high gear

(Continued from page F40)

in selected Pizza Huts and Domino's and systemwide at Pantera's, Mr. Gatti's, and Little Caesars, which started the promotional concepts several years ago.

It's too soon to tell whether the two-for-ones and price-off promotions will prove profitable. But at Mr. Gatti's the increase in sales and traffic has offset the commensurate rise in food costs, according to David McKenzie, Mr. Gatti's senior vice president of marketing.

Other notable pizza segment innovations include a new video satellite television network—the first for any American foods-service company—established by Domino's pizza distribution corporation. Initially, the network's signal will be received at 10 Domino's sites.

Domino's satellite network "will allow us to communicate with our commissaries and franchises, all remotely located, on a much more consistent and continuing basis," said Jeff DeGraff, director of the 4,000-unit's education and communications department.

"The network's planned educational programs will enable us to train employees we otherwise couldn't reach because of the high cost of bringing everyone together," DeGraff added.

In terms of sheer sales and unit growth, few pizza chains can match Little Caesars. The world's largest carry-out pizza chain, it projects a 52-percent increase in systemwide sales, to $770 million, and a 48-percent increase in number of restaurants, to 1,864.

Of course, Pantera's growth has come through acquisition. Jack Harris, Pantera's chairman, plans to convert Pizza Inns into Pantera's and vice versa after the completion of the pending acquisition of Pizza Inn by Pantera's.

New stores would open under both company banners, and in markets where Pizza Inns and Pantera's overlap, the two concepts would continute to operate as is, Harris explained.

"For 10 years Pantera's has opened its stores in strip centers and rehabs of failed restaurants . . . whatever made economic sense," he explained. "That won't change."

Pantera's will probably not tinker with Pizza Inn's core menu, which consists of thin, pan-style, and stuffed pizza. Pantera's, which offers deep-dish, thin-style, and medium-thickness "original" pizza, heavily promotes its $9.95 deal: two 12-inch pies with two toppings.

"Our systems will adapt and merge well over time because we offer similar products at similar prices [approximately $4 per person] and have strong menu penetration in our markets," Harris said. "There's no need to change either concept, although we'll diversify the menus."

PIZZA SEGMENT MARKET SHARE

Top 100 Rank*		Chain	Fiscal Year Ends	Market Share (By Fiscal Year)		
1987	1986			Current	Last Full	Previous
6	6	Pizza Hut	Dec.	37.36%	38.33%	41.07%
8	8	Domino's	Dec.	27.44	27.63	23.68
19	30	Little Caesar	Dec.	11.74	9.27	7.43
51	52	Pizza Inn	Dec.	4.57	4.97	5.80
52	54	Godfather's	May	4.57	4.90	5.68
54	59	Round Table Pizza	June	4.57	4.46	4.29
59	61	Showbiz/Chuck E. Cheese	Dec.	4.27	4.44	4.74
76	72	Shakey's Pizza	Sept.	3.24	3.51	4.29
97	93	Mr. Gatti's	July	2.23	2.48	3.02

*Ranking refers to Top 100 Chains: Ranked by Systemwide Sales

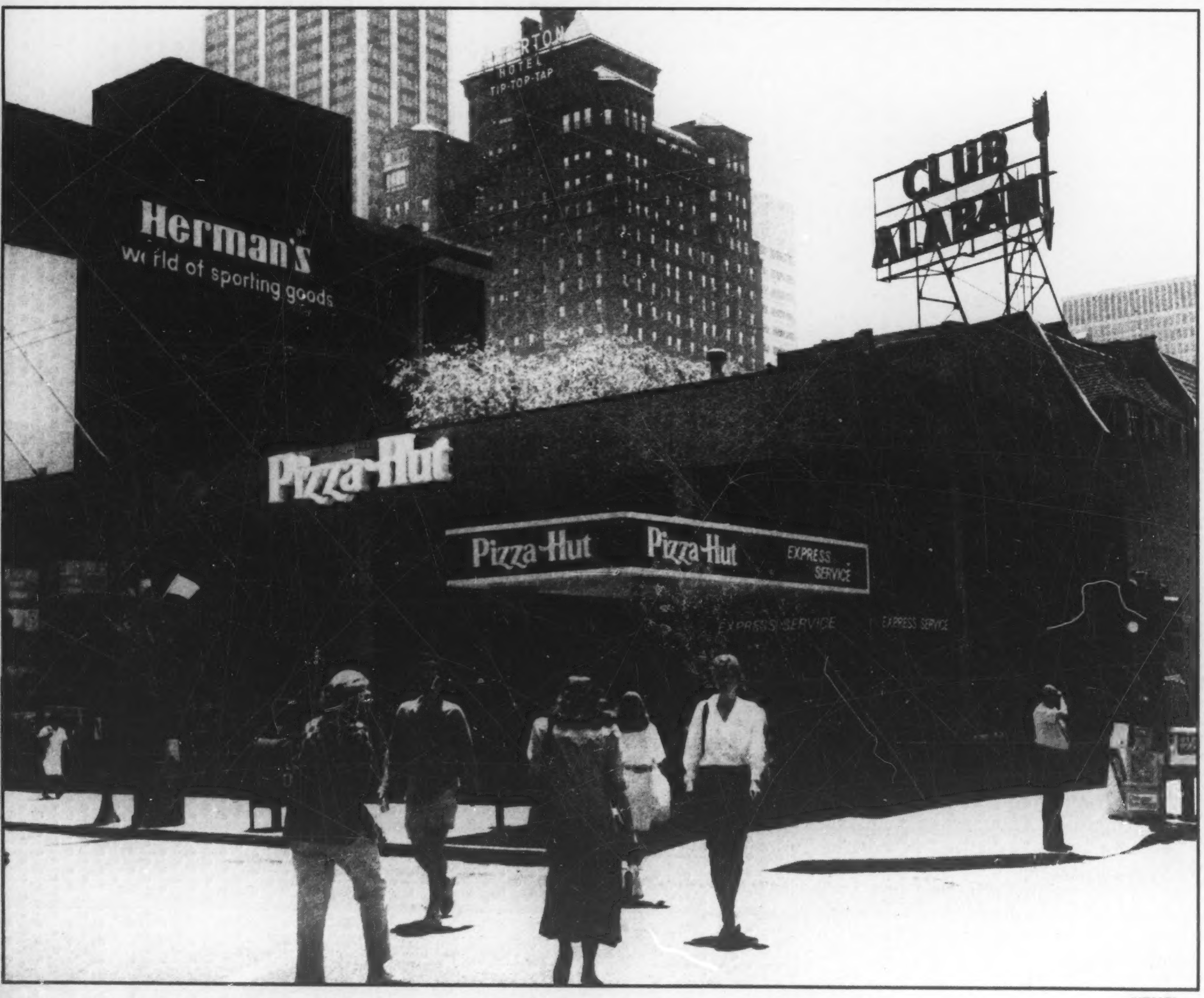
Source: *NRN* research

PIZZA SEGMENT PRICE DATA

(For Selected Chains)

	Average Per-Person Check (By Fiscal Year)			Menu Price Increase (By Fiscal Year)		
Chain	Current	Last Full	Previous	Current	Last Full	Previous
Little Caesar	$ 3.00	$2.75	$2.50	0.0%	0.0%	0.0%
Pizza Inn	4.50	4.30	4.19	3.0	3.0	2.5
Shakey's Pizza	4.50	4.25	4.00	1.0	1.0	0.0
Round Table Pizza	5.50	5.00	5.00	1.0	0.0	3.5
Showbiz/Chuck E. Cheese	5.50	5.20	5.20	0.0	0.0	0.0
Mr. Gatti's	7.87	7.81	7.75	0.0	1.0	0.0
Domino's	9.50	9.50	8.50	0.0	7.5	0.0
Godfather's	10.00	9.75	8.70	3.0	3.0	3.0
Pizza Hut	10.50	9.99	9.55	2.0	1.7	3.2
AVERAGE for Chains Listed	$ 7.87	$6.53	$6.04	1.1	1.9	1.4

Source: *NRN* research



A Pizza Hut restaurant in downtown Chicago with an express service entrance.

NRN Photo

It's too soon to tell whether the two-for-ones and price-off promotions will prove profitable. But at Mr. Gatti's the increase in sales and traffic has offset the commensurate rise in food costs.

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DINNERHOUSES FINE-TUNE MENUS

Many chains are luring repeat business with value-pricing, as pursuing the dwindling liquor market loses its appeal

By Richard Martin

Thwarted by the nationwide surplus of "occasion-oriented" restaurants and by further declines in liquor sales, most major dinnerhouse chains continue to seek marketing advantages from menu refinements and value pricing.

Many of the chains are trying to increase customers' frequency of patronage while redirecting corporate energies away from pursuit of the dwindling market for alcoholic beverages.

Furthermore, the big dinnerhouse outfits feel challenged by the competitive imperative to hold the line on menu prices. Sensitivity to pricing is particularly challenging because of impending increases in food and labor costs.

An El Torito Grill unit.

Many chains expect anticipated hikes in meat prices to be felt starting in November. Another rise in the basic costs of business would come from pending passage of a law to increase the minimum wage, considered by some ranking executives to be a "shoo-in." Compulsory wage boosts would compound the effect of recent immigration-law reform, driving labor costs ever higher.

With few exceptions, the dinnerhouse chains in the Top 100 are beset by no-, slow-, or negative-growth prospects that have caused them to refocus away from expansion and toward the consumer lures of enhanced food quality and variety.

"The industry is saturated; therefore everybody has scaled back expansion," notes Saundra Nelson, chief financial officer of Chi-Chi's, which is trying to attract customers with two-person "fiesta platter" menu samplers for $5.95.

El Torito, Houlihan's, and other upscale, full-service chains under the umbrella of 690-unit Restaurant Enterprises Group, stand to "benefit from the fact that most of the big players have stopped growing," said Martin Casey, REG's executive vice president and chief financial officer.

The reduction in the new supply of competing dinnerhouses—a condition Casey expects will continue through next year—leaves both REG and its competing brethren to focus on operational efficiencies that will help them "add a point or two" to their profit margins.

Meanwhile, REG's El Torito chain is testing and rolling out more sophisticated—and, it hopes, more appealing—Mexican-Southwestern dishes from its high-grossing El Torito Grill prototype concept in Newport Beach, Calif.

El Torito's flirtation with food refinements reflects the dinnerhouse segment's continuing shift from dependence on sales of alcoholic beverages. Casey rates the ongoing decline in liquor sales—first visible in lounges and now also "very definitely" detectable in dining rooms—as the single most significant challenge confronting the segment.

A symptom of the worsening liquor slump was the Bennigan's chain's recent abandonment of extensive, but apparently futile, menu listings of specialty drinks and "mocktails."

However, not all chains are prepared to surrender on the libation front. A spokesman for Stuart Anderson's Black Angus, which had deliberately sought to deemphasize liquor, says the chain now seeks to "reemphasize" booze during slack midweek periods, through concepts like its "Weekend Wednesday" lounge promotions.

Such plans may only be attempts to make the best of a bad situation. Still, the liquor slump aggravates the more basic dilemma of stalled expansion.

Clearly, none of the chains welcomes the respite from growth, which has been dictated by the overbuilt dinnerhouse segment's protracted sluggishness in sales and traffic. However, the slowdown apparently

*(See **DINNERHOUSES**, page F47)*

Highlights:

- **Chi-Chi's:** woos customers with Fiesta Platter samplers and expanded dessert offerings.
- **El Torito:** rolls out sophisticated Mexican and Southwest dishes.
- **Bennigan's:** scraps extensive specialty drink and "mocktail" menu listings.
- **Stuart Anderson's Black Angus:** focuses on "Fast Lunch" program and midweek liquor promotions.
- **Red Lobster:** promotes "value-added" meals priced at $6.95-$7.95.
- **T.G.I.Friday's:** introduces streamlined menus with more sophisticated fare.
- **Steak and Ale:** sales rise 4 percent after rollout of 20 entrées priced below $9 each.
- **Chili's:** tests new soups, grilled fish, a steak platter, brunch, and a salad bar.
- **Specialty Restaurants:** adding complimentary hors d'oeuvres and relish trays in bid to boost price-value perception.

TOP DINNERHOUSE CHAINS RANKED BY SYSTEMWIDE SALES

Top 100 Rank*		Chain	Fiscal Year Ends	Systemwide Sales (By Fiscal Year, in Millions)		
1987	1986			Current	Last Full	Previous
14	14	Red Lobster	May	$1,030.0	$ 975.0	$ 875.0
34	35	Bennigan's	May	500.0	450.0	424.8
38	37	Chi-Chi's	April	440.0	415.0	395.0
40	40	El Torito	Dec.	420.0	390.0	318.6
44	41	T.G.I. Friday's	Dec.	375.0	365.8	329.8
62	57	Stuart Anderson's	Dec.	265.0	261.0	261.0
64	76	Chili's	June	255.0	197.0	154.1
70	58	Steak and Ale	May	230.0	260.0	282.0
71	68	Ground Round	Oct.	227.7	212.5	214.3
95	92	Brown Derby	May	147.9	147.9	145.0
96	98	Houlihan's	Dec.	146.0	125.0	115.0
TOTAL Top 100 Dinnerhouse Segment Sales				$4,036.6	$3,799.2	$3,514.8

*Ranking refers to Top 100 Chains: Ranked by Systemwide Sales

Source: *NRN* research

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Dinnerhouses fine-tune their menus

(Continued from page F44)

works to the advantage of companies like REG and American Restaurants Group, parent of the Stuart Anderson's chain. Without too much fear of losing market share to very many booming competitors, REG and ARG can concentrate on repayment of heavy debts they incurred last year in their respective leveraged buyouts (from W. R. Grace and Marriott).

Meanwhile, only Chili's and General Mills' Olive Garden chain are growing rapidly, notes REG's Casey.

Lobster's volume dominates segment

Certainly, El Torito (the fourth-largest chain in the field) and Stuart Anderson's (the sixth largest) needn't worry about being surpassed by General Mills' segment-leading chain, Red Lobster, which already has an annual sales volume more than twice that of the No. 2 dinnerhouse chain, the Pillsbury-owned Bennigan's.

Red Lobster, which is promoting "value-added" meals in the $6.95-to-$7.95 range, racked up modest 3 percent customer-count increases last year. The $1 billion-a-year seafood outfit believes it can siphon traffic away from competitors "if we can do a dish with lobster in it for $7.95," says spokesman Dick Monroe.

In focusing on taste-tempting merchandising and value pricing, most other dinnerhouse chains are emulating the leader. Both Bennigan's and T.G.I. Friday's, the segment's fifth-largest chain, have introduced streamlined, eclectic menus with more sophisticated offerings.

Stuart Anderson's is also refining its menu and focusing on "fast lunches," according to Bill McCaffrey, ARG's chief financial officer.

Pillsbury's troubled Steak and Ale chain, the segment's seventh largest, has also rolled out a more sophisticated, less expensive menu. Sales have jumped 4 percent with the help of some 20 entrées priced lower than $9.

Chi-Chi's, the No. 3 chain, is looking to sweeten its competitive prospects through dessert. The chain is augmenting its two-person sampler platters with newly expanded dessert menus that offer sweet, fried bread items and fried ice cream.

Chili's, the No. 9 dinnerhouse chain, also continues testing and rolling out an unending stream of new menu items. In the last three years, new dishes have yielded some 55 percent of all sales. The chain's new crop of test items currently includes soups, grilled fish, a steak platter, brunch, and a salad bar.

"From now on, if you're not flexible in this business, you're not going to make it," notes Creed Ford, Chili's operations chief. The chain's flexibility and momentum would enable it to leap-frog over Ground Round (No. 8) and Steak and Ale into the segment's No. 7 individual chain ranking next year, based on projected sales gains.

Anaheim, Calif.-based Specialty Restaurants Corp., whose various chains combine forces to make it the industry's ninth-largest dinnerhouse company, is similarly inclined toward menu upgrades. "We're placing heavy emphasis on improving food quality and service," says Jim Polentz, Specialty's senior vice president.

Tableside cooking a lure

To lure new patrons, Specialty is considering tableside cooking of some dishes. Enhanced price-value perceptions would be derived from the introduction of free hors d'oeuvres and the reintroduction of complimentary relish trays, Polentz said. New accompaniments like cheese bread also reflect the "value-added" approach.

The largest and most diversified of the dinnerhouse outfits—the Pillsburys, the General Millses, and the Restaurant Enterprise Groups—can enjoy advantages over other, more one-dimensional dinnerhouse companies. But not always.

"Sometimes we enjoy efficiencies; other times we're victims of our own size," admits Red Lobster's Monroe. Likewise, Pillsbury may suffer from the strains of trying to juggle too many

*(See **DINNERHOUSES**, page F48A)*

TOP DINNERHOUSE CHAINS RANKED BY SALES PER UNIT

Top 100 Rank*		Chain	Fiscal Year Ends	Sales per Unit (By Fiscal Year, in Thousands)		
1987	1986			Current	Last Full	Previous
7	7	T.G.I. Friday's	Dec.	$2,950.0	$2,950.0	$2,970.0
8	9	Houlihan's	Dec.	2,700.0	2,500.0	2,400.0
9	8	Brown Derby	May	2,689.0	2,689.0	2,636.0
10	11	Red Lobster	May	2,500.0	2,400.0	2,270.0
14	13	Bennigan's	May	2,300.0	2,300.0	2,265.0
15	15	Stuart Anderson's	Dec.	2,200.0	2,200.0	2,200.0
16	14	Chi-Chi's	April	2,200.0	2,200.0	2,100.0
17	16	El Torito	Dec.	2,068.9	2,099.9	2,087.0
18	18	Chili's	June	2,000.0	1,980.0	1,950.0
27	25	Steak and Ale	May	1,400.0	1,450.0	1,520.0
35	37	Ground Round	Oct.	1,192.0	1,068.0	1,021.0
AVERAGE Top 100 Dinnerhouse Chain Sales per Unit				$2,200.0	$2,167.0	$2,129.0

*Ranking refers to Top 100 Chains: Ranked by Sales Per Unit

Source: *NRN* research

TOP DINNERHOUSE CHAINS RANKED BY NUMBER OF UNITS

Top 100 Rank*		Chain	Fiscal Year Ends	Number of Units (By Fiscal Year)		
1987	1986			Current	Last Full	Previous
47	44	Red Lobster	May	412	392	386
64	58	Bennigan's	May	220	210	203
65	61	El Torito	Dec.	203	196	189
68	65	Chi-Chi's	April	195	180	197
71	63	Steak and Ale	May	177	185	185
75	81	Chili's	June	144	113	93
81	75	T.G.I. Friday's	Dec.	127	124	113
84	77	Stuart Anderson's	Dec.	118	117	117
88	87	Ground Round	Oct.	56	56	55
90	88	Houlihan's	Dec.	54	53	48
TOTAL Top 100 Dinnerhouse Units				1,706	1,626	1,586

*Ranking refers to Top 100 Chains: Ranked by Number of Units

Source: *NRN* research

Red Lobster

A Red Lobster dinnerhouse restaurant.

Red Lobster believes it can siphon traffic away from competitors 'if we can do a dish with lobster in it for $7.95.'

Dinnerhouses fine-tune their menus

(Continued from page F47)

different dinnerhouse concepts, analysts suggest. And yet the synergy and "fall-back" advantages of such diversity are apparent in Pillsbury's apparent readiness to recycle certain sites occupied by the anemic Steak and Ale concept. Pillsbury could redeploy its Baystreet seafood concept or Bennigan's or the promising test vehicle called Key West Grill at selected Steak and Ale locations.

Cracking the code

"You're going to see a lot more attention to the conversion of concepts; we're really going to crack that code," Kyle Craig, chairman of Pillsbury's S&A Restaurant Corp. subsidiary, recently declared.

Despite uncertainties in the segment, the basic mission of chain dinnerhouse operators in the Top 100 still is, as REG's Casey puts it, "to improve price-value and get a bigger share of the market."

And, although relatively static today, the market will begin to expand again by 1989, Casey predicts. He believes that the chain dinnerhouse arena will witness an increase in demand, and that within 18 months chains will begin building and converting properties to relieve the shortage.

Although less certain about when renewed expansion will become apparent, leading industry analysts agree the economy is giving off a few propitious signals for large dinnerhouse chains. George Rice, president of GDR/CREST Enterprises in Park Ridge, Ill., says a shift in two key economic factors—disposable personal income per capita and the rate of unemployment—holds encouraging significance.

The recent growth of income by about 2 percent and the concurrent decline in the rate of unemployment, from about 9.6 percent to under 7 percent, bode well for "occasion-oriented" restaurants that depend on discretionary spending, Rice suggests.

"That's fairly good news," he says. "And to the degree it becomes more favorable, that's really a shot in the arm for the industry."

Despite soft sales and customer traffic, the upscale dinnerhouse chain market "still has a considerable amount of strength," Rice believes. However, demographic factors will heap new stresses on dinnerhouse chains, he says.

The economic maturation of freespending baby-boomers might have helped spawn the upscale chains. But the baby-boom increment is "gone," Rice says, to be replaced by 1-precent annual population increases.

'Family formation' a challenge

Another major challenge comes from the trend of "family formation" among the classic two-income households that fueled dinnerhouse-chain growth. Increasingly, affluent baby-boomers are staying away from restaurants and redirecting their assets to the raising of children—a trend "that's a very real threat" to the continued vitality of the dinnerhouse segment, Rice says.

The chains will have to adjust their marketing outlooks accordingly, he stresses. Babysitter costs will "have to be considered part of the average check."

Recent income tax reform represents another potential stumbling block, Rice believes. The most affluent consumers, those who routinely receive counseling from tax advisers, have already realized their tax-benefit losses from reductions in shelters and exemptions.

However, Rice adds, the affluent masses—the economic bedrock of dinnerhouse chains—may not feel the pinch in their discretionary income until after taxes for 1987 are computed next year.

Still, Rice predicts that, with respect to a tax backlash, the chain dinnerhouses stand to fare better than the white tablecloth segment, which generally lacks the attractive, unstructured menu flexibility and value advantages of the more casual chains.

DINNERHOUSE SEGMENT MARKET SHARE

Top 100 Rank*		Chain	Fiscal Year Ends	Market Share (By Fiscal Year)		
1987	1986			Current	Last Full	Previous
14	14	Red Lobster	May	25.52%	25.66%	24.89%
34	35	Bennigan's	May	12.39	11.84	12.09
38	37	Chi-Chi's	April	10.90	10.92	11.24
40	40	El Torito	Dec.	10.40	10.2	9.07
44	41	T.G.I. Friday's	Dec.	9.29	9.63	9.38
62	57	Stuart Anderson's	Dec.	6.56	6.87	7.43
64	76	Chili's	June	6.32	5.19	4.38
70	58	Steak and Ale	May	5.70	6.84	8.02
71	68	Ground Round	Oct.	5.64	5.59	6.10
95	92	Brown Derby	May	3.66	3.89	4.13
96	98	Houlihan's	Dec.	3.62	3.29	3.27

*Ranking refers to Top 100 Chains: Ranked by Systemwide Sales

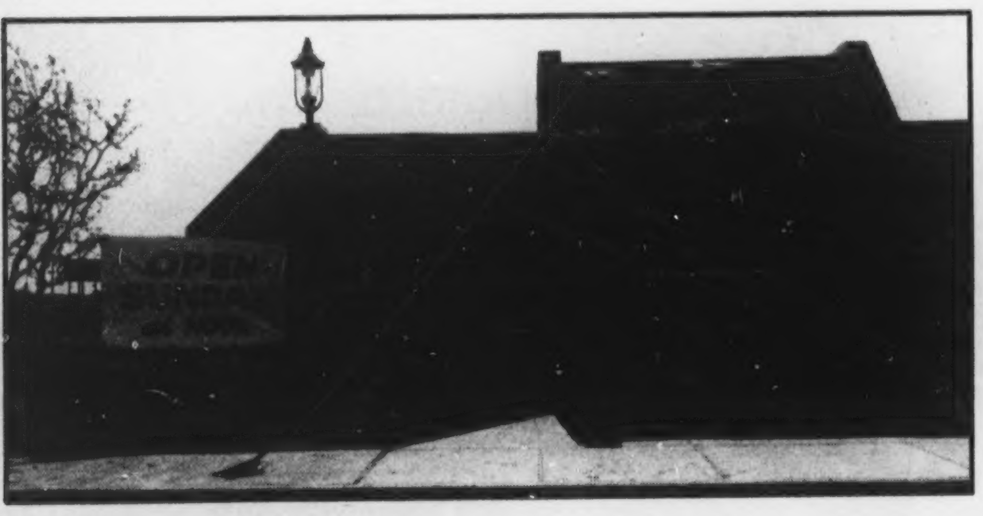
Source: *NRN* research

DINNERHOUSE SEGMENT PRICE DATA

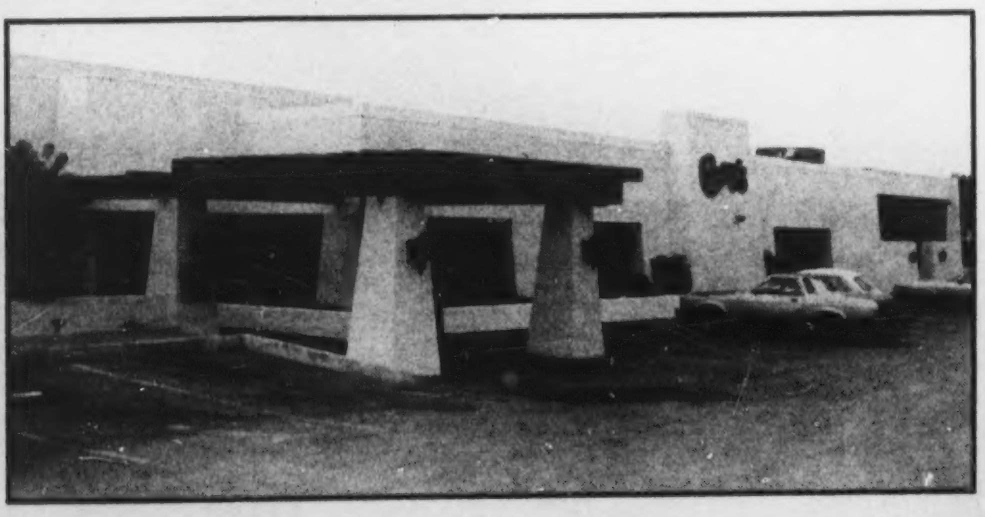
(For Selected Chains)

Chain	Average Per-Person Check (By Fiscal Year)			Menu Price Increase (By Fiscal Year)		
	Current	Last Full	Previous	Current	Last Full	Previous
Bennigan's	$ 8.60	$ 8.40	$ 8.40	2.3%	n/a	0.5%
Chi-Chi's	8.25	7.95	7.75	1.4	2.0	2.0
Chili's	7.20	7.00	6.75	3.0	2.0	3.5
Houlihan's	9.50	9.25	8.90	0.0	0.0	0.0
Red Lobster	11.00	10.75	10.60	3.0	3.0	2.5
Steak and Ale	13.50	13.00	13.00	n/a	n/a	n/a
Stuart Anderson's	12.95	12.20	n/a	6.0	n/a	n/a
T.G.I. Friday's	n/a	10.00	n/a	n/a	n/a	n/a

Source: *NRN* research

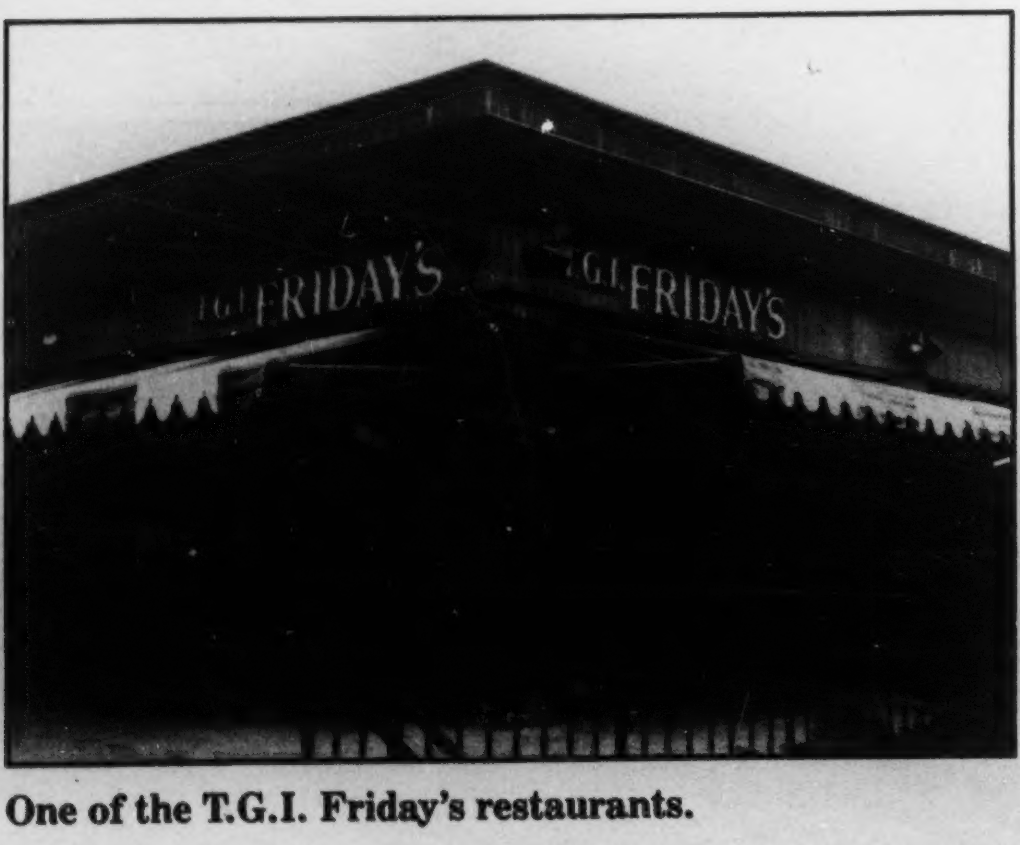


A Steak and Ale restaurant.



One of Chi-Chi's Mexican dinnerhouses.

A Bennigan's Tavern unit.



One of the T.G.I. Friday's restaurants.

> *A shift in two key economic factors—disposable personal income per capita and the rate of unemployment—holds encouraging significance for dinnerhouse chains.*

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FAMILY RESTAURANTS GO FOR AGING YUPPIES

Caught in a 'midscale squeeze,' this segment is coping with weak sales by revamping menus, adding take-out items, and wooing upscale customers

By Don Jeffrey

Family restaurant chains, locked in tough competitive battles with one another and with chains in other segments, are revamping menus and adding take-out sections to woo customers who have outgrown fast feeders or are trading down from dinnerhouses.

Some observers believe that midscale restaurants, which are also known as family restaurants or coffee shops, have the potential to outperform other industry segments if they follow the lead of operations-driven companies like Shoney's.

Executives like Clark Jones, president of JB's Restaurants, the Salt Lake City Big Boy franchisee, said the segment's main strength is its flexibility. "We can adapt more easily to what the customer wants," he said.

But Charles Frederickson, president of Vicorp Restaurants, operator and franchisor of two family-restaurant concepts, Village Inn and Bakers Square, characterized the segment's dilemma as "midscale squeeze."

"We're caught between the quick-service restaurants, which want our breakfast customer; the dinnerhouses, which are doing Sunday brunches and breakfasts; and the casual themers, which are lowering their prices," he said.

Meanwhile, the segment's major players are not in robust health. Sources believe that Big Boy, despite its large presence and its long-held name recognition, is deeply troubled, and that sales at Shoney's and Denny's, the other leaders of the category, are not strong.

Indeed, it is the smaller chains that are attracting the attention of the consumer as well as Wall Street. They include regional players like Bob Evans Farms, Cracker Barrel, and Perkins.

Perkins, the Memphis-based chain that was taken over by fast-food veteran Donald Smith one and a half years ago, has reformulated or replaced 112 of 140 menu items in an attempt to reposition as a more upscale dining spot.

"I want to catch the aging yuppie," Smith told *Nation's Restaurant News*. "I want to catch him when he starts to experiment."

The strategy, which also includes a new marketing thrust, serving methods, and management structure, has begun to pay off. Perkins reported a same-store sales gain of 10.5 percent for the first quarter ended March 31. Profit was $1.4 million, compared with a $42,000 loss the year before.

Bob Evans Farms, the Ohio-based chain, has also changed its menu. It was seeking to increase market share and boost dinner business. Real sales have gone up 3 percent.

Chairman Daniel Evans said: "We're not into flashy trends. We stay with the basics. But customers are asking for more menu selections."

Menu is the key to attracting the baby-boomers or yuppies, who make up a crucial number of those who eat out, according to Evans. At Bob Evans Farms, menus have also been revised to include seasonal choices like fresh fruit salads and chicken salad in summer as well as regional preferences.

Bob Evans has added a new charbroiled item to increase dinner sales. It is also trying to beef up its small but growing take-out trade, now at only about 2 percent of volume.

Cracker Barrel has shown considerable success in boosting sales this year and in impressing Wall Street analysts. The chain, whose units are located near interstate highways and include gift shops, cater to the convenience-driven needs of a mobile public.

Chairman Dan Evins said that one of the most important challenges facing his chain and others in the segment was how to attract, train, and motivate managers. The concept, he said, was "highly management-sensitive."

Still dominating the segment are three major players: Shoney's, Denny's, and Big Boy.

Marriott, which controls the second-largest family restaurant chain, Big Boy, attempted to acquire the largest

*(See **FAMILY,** page F61)*

Highlights:

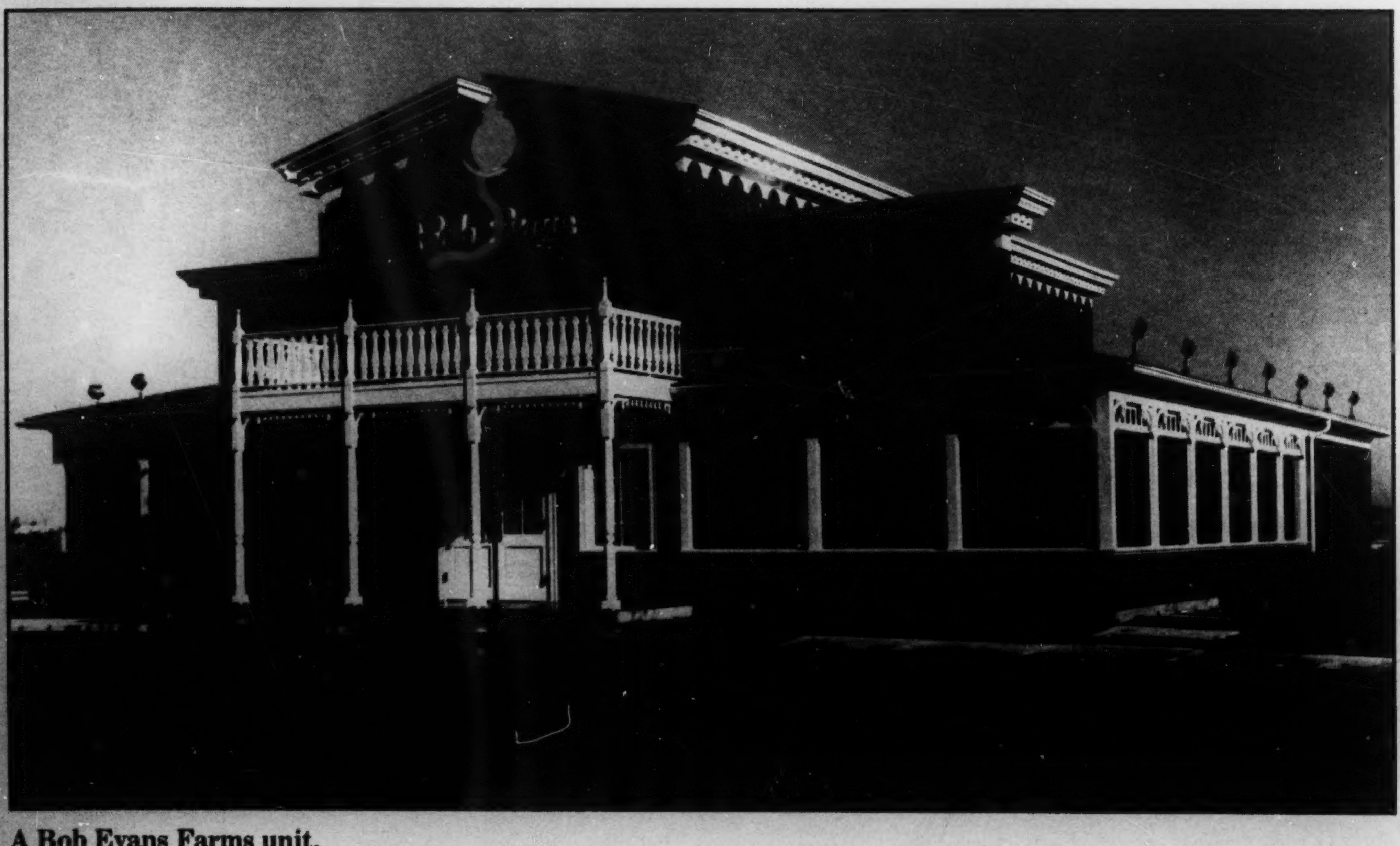
- **Perkins:** Repositions to win "aging yuppies."
- **Bob Evans Farms:** Expands menu with regional and seasonal items.
- **Cracker Barrel:** Sales rise at interstate highway locations.
- **Big Boy:** Converts 300 Howard Johnson outlets.
- **Shoney's:** Adds broiled and grilled fish selections.
- **Denny's:** Unveils new menu with lighter items.
- **Marie Callender's Pie Shops:** Builds take-out business.
- **Bakers Square:** Adds more breakfast items.
- **Village Inn:** Offers fresh-baked goods.
- **International House of Pancakes:** aims to build dinner business.
- **Howard Johnson:** Revamps menus, adds regional specials.

TOP FAMILY RESTAURANT CHAINS RANKED BY SYSTEMWIDE SALES

Top 100 Rank*		Chain	Fiscal Year Ends	Systemwide Sales (By Fiscal Year, In Millions)		
1987	1986			Current	Last Full	Previous
11	11	Denny's	June	$1,265.0	$1,205.0	$1,138.0
15	15	Big Boy	Dec.	1,027.2	974.7	1,061.3
22	21	Shoney's	Oct.	721.8	644.5	590.0
30	29	Friendly Restaurants	Dec.	580.0	536.0	471.0
42	47	Perkins Family Restaurant	Dec.	383.0	315.0	272.0
50	50	Howard Johnson	May	303.7	292.5	456.4
58	56	International House of Pancakes	Dec.	282.0	264.0	241.0
60	64	Bob Evans Farms	April	270.0	221.0	176.3
72	73	Marie Callender's Pie Shop	Dec.	226.0	204.0	182.0
73	70	Village Inn	Oct.	225.0	206.0	193.0
81	76	Po Folks	Sept.	190.0	197.2	189.2
82	82	Waffle House	May	189.4	174.9	163.8
85	86	Country Kitchen	Dec.	175.0	161.0	153.0
90	95	Bakers Square	Dec.	165.0	130.3	87.2
TOTAL Top 100 Family Restaurant Segment Sales				$6,003.1	$5,526.1	$5,374.2

*Ranking refers to Top 100 Chains: Ranked by Systemwide Sales

Source: *NRN* research



A Bob Evans Farms unit.

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Family units adopt 'can-do' attitude

(Continued from page F60A)

Boy, attempted to acquire the largest chain, Denny's, but negotiations apparently ended because Marriott's bid was not high enough.

In a separate arrangement, Marriott had purchased about 300 Howard Johnson's restaurants and was converting them to Big Boys. It was unclear what Marriott would have done if it was successful in buying Denny's.

Big Boy, many observers believe, is in trouble. Same-store sales are flat or down, and customer acceptance is declining. "The whole Big Boy chain has suffered badly," said an executive with a competing chain. "The consumer is not grading Big Boy well."

Franchisees are dealing with the weakness in Big Boy by various measures. Since Shoney's broke away from the Big Boy system three years ago, no defections have occurred.

JB's, which stumbled after it tried to assimilate restaurants it acquired from Marriott, has been switching from an operations to a marketing orientation to gain market share.

Like other Big Boy franchisees, JB's is emphasizing its food bars to attract the value-driven consumer.

Shoney's continues to win raves from investors for its consistent earnings increases. But sales are weak.

Restaurant analyst Neal Kaplan of Charlotte-based Interstate Securities praised Shoney's for its unwavering focus on operations, saying the chain's problems might be related to economic weakness in the regions where it operates. Layoffs in the automotive, oil, and steel industries in some of those markets in the Southeast and Midwest are more prevalent than in other regions, and many once-loyal customers are apparently cutting back on restaurant visits.

On the other hand, Kaplan said that family restaurants excel at store-level operations, which gives them an edge when economics are harsh. "When there's sales weakness," he said of the segment, "companies address it. They don't try to cover it up by expanding rapidly."

James Arnett, president of the Shoney's division of Nashville, Tenn.-based Shoney's Inc., said the chain was trying to build sales with new menu items. In recent months it has added dbroiled and grilled fish selections to its menu. Arnett said that more nonfried items would be emphasized. They appeal to a health-conscious consumer.

At Denny's an appeal is made to customers concerned about their health and appearance. Some observers give Denny's high marks for having the ability to change with the times.

A new menu unveiled in July by Denny's featured a "radical" look, according to a spokesman, and also a handful of new menu items. A spokesman characterized them as "lighter" foods, for example, a fruit salad.

Ironically, at the same time consumers are asking for nonfried foods and more varied salad bars, they are apparently clamoring for highly caloric pies.

Denny's is rolling out pies, which have been available in its Florida markets for many years. As competition heated up in the segment, Denny's felt that the growing interest among diners for pies and other baked goods warranted an expansion of the Florida operation.

Friendly
Fine Food
Full

Friendly's offers ice-cream as well as a full menu.

Perkins also has moved recently toward fresh-baked goods, with the addition of bakeries in 18 company-owned test units. Muffins, pies, cakes, cookies, and croissants are prepared. Smith said the goal was to increase sales by $150,000 per store. He added, "We've easily exceeded that."

Introducing pies and other goods baked on the premises is a recognition of the popularity of chains like Marie Callender's and Bakers Square. The products are packaged for take-out or are available on the menus.

Scott Jones, vice president of operations at Marie Callender's Pie Shops, said, "Everybody's got their piece of their pie now."

Jones said Marie Callender was concentrating on building its take-out business "by better packaging." It contributes a small share of total sales, but the chain is committed to the service. "People don't want to wait," Jones said.

Bakers Square, which specializes in freshly baked goods, and Village Inn are both operated by Vicorp. Bakers Square has been primarily known as a lunch and dinner chain, while Village Inn has traditionally been a breakfast place. But the distinctions are blurring.

Vicorp's Frederickson said the two concepts were adopting the most successful elements of each other. Village Inns has begun to offer pies, and Bakers Squares has been adding more breakfast items.

Like JB's, Vicorp also stumbled in trying to absorb acquired units. The company bought about 175 Sambo's

*(See **FAMILY**, page F63)*

TOP FAMILY RESTAURANT CHAINS RANKED BY SALES PER UNIT

Top 100 Rank*		Chain	Fiscal Year Ends	Sales per Unit (By Fiscal Year, in Thousands)		
1987	1986			Current	Last Full	Previous
22	22	Marie Callender's Pie Shop	Dec.	$1,600.0	$1,650.0	$1,630.0
26	27	Bob Evans Farms	April	1,406.0	1,365.0	1,299.0
30	28	Shoney's	Oct.	1,344.0	1,344.0	1,350.0
32	34	Bakers Square	Dec.	1,240.0	1,175.0	1,158.0
37	39	Denny's	June	1,113.0	1,060.0	1,000.0
38	43	Perkins Family Restaurant	Dec.	1,100.0	1,019.0	970.0
39	35	Po Folks	Sept.	1,100.0	1,170.0	1,270.0
42	36	Big Boy	Dec.	1,070.0	1,070.0	1,190.0
51	50	Village Inn	Oct.	860.0	846.0	836.0
58	56	Howard Johnson	May	750.0	750.0	759.0
62	64	Friendly Restaurants	Dec.	720.0	689.0	652.0
67	68	Country Kitchen	Dec.	642.0	622.0	601.0
69	71	International House of Pancakes	Dec.	626.6	590.8	537.0
91	92	Waffle House	May	303.0	306.0	297.0
AVERAGE Top 100 Family Restaurant Chain Sales per Unit				$ 991.0	$ 975.5	$ 967.8

*Ranking refers to Top 100 Chains: Ranked by Sales Per Unit

Source: *NRN* research

TOP FAMILY RESTAURANTS CHAINS RANKED BY NUMBER OF UNITS

Top 100 Rank*		Chain	Fiscal Year Ends	Number of Units (By Fiscal Year)		
1987	1986			Current	Last Full	Previous
23	23	Denny's	June	1,259	1,199	1,168
25	25	Big Boy	Dec.	960	911	883
28	29	Friendly Restaurants	Dec.	842	826	752
38	38	Waffle House	May	650	600	567
41	44	Shoney's	Oct.	608	542	498
51	50	International House of Pancakes	Dec.	450	450	449
54	54	Howard Johnson	May	405	390	600
57	57	Perkins Family Restaurant	Dec.	348	328	319
59	62	Village Inn	Oct.	275	259	264
62	63	Country Kitchen	Dec.	261	251	249
72	77	Bob Evans Farms	April	201	175	152
78	76	Po Folks	Sept.	176	176	161
82	84	Marie Callender's Pie Shop	Dec.	140	124	112
84	89	Bakers Square	Dec.	136	116	100
TOTAL Top 100 Family Restaurant Units				6,711	6,347	6,274

*Ranking refers to Top 100 Chains: Ranked by Number of Per Unit

Source: *NRN* research

Perkins has also moved recently toward fresh-baked goods, with the addition of bakeries in 18 company-owned test units.

The inside of a Denny's unit.

Perkins
OPEN 24 HOURS

Perkins sign

Bob's
BIG BOY

Bob's Big Boy sign.

Family feeders looking toward future

(Continued from pageF61)

that were slated for conversions. Frederickson said the massive effort created "stress" after managers from successful stores were transferred to poorly performing units. "We were creating two losers out of one winner and one loser," he said.

But the conversions continue, and Frederickson is confident that demographic trends, especially the aging of the population, favor the midscale segment. "We firmly believe everything is headed in our direction," the Vicorp president said.

FAMILY RESTAURANT SEGMENT MARKET SHARE

Top 100 Rank*		Chain	Fiscal Year Ends	Market Share (By Fiscal Year)		
1987	1986			Current	Last Full	Previous
11	11	Denny's	June	21.07%	21.81%	21.18%
15	15	Big Boy	Dec.	17.11	17.64	19.75
22	21	Shoney's	Oct.	12.02	11.66	10.98
30	29	Friendly Restaurants	Dec.	9.66	9.70	8.76
42	47	Perkins Family Restaurant	Dec.	6.38	5.70	5.06
50	50	Howard Johnson	May	5.06	5.29	8.49
58	56	International House of Pancakes	Dec.	4.70	4.78	4.48
60	64	Bob Evans Farms	April	4.50	4.00	3.28
72	73	Marie Callender's Pie Shop	Dec.	3.76	3.69	3.39
73	70	Village Inn	Oct.	3.75	3.73	3.59
81	76	Po Folks	Sept.	3.17	3.57	3.52
82	82	Waffle House	May	3.16	3.16	3.05
85	86	Country Kitchen	Dec.	2.92	2.91	2.85
90	95	Bakers Square	Dec.	2.75	2.36	1.62

*Ranking refers to Top 100 Chains: Ranked by Systemwide Sales
Source: *NRN* research

TOP FAMILY RESTAURANT CHAINS RANKED BY SALES PER UNIT

Top 100 Rank*		Chain	Fiscal Year Ends	Sales per Unit (By Fiscal Year, in Thousands)		
1987	1986			Current	Last Full	Previous
22	22	Marie Callender's Pie Shop	Dec.	$1,600.0	$1,650.0	$1,630.0
26	27	Bob Evans Farms	April	1,406.0	1,365.0	1,299.0
30	28	Shoney's	Oct.	1,344.0	1,344.0	1,350.0
32	34	Bakers Square	Dec.	1,240.0	1,175.0	1,158.0
37	39	Denny's	June	1,113.0	1,060.0	1,000.0
38	43	Perkins Family Restaurant	Dec.	1,100.0	1,019.0	970.0
39	35	Po Folks	Sept.	1,100.0	1,170.0	1,270.0
42	36	Big Boy	Dec.	1,070.0	1,070.0	1,190.0
51	50	Village Inn	Oct.	860.0	846.0	836.0
58	56	Howard Johnson	May	750.0	750.0	759.0
62	64	Friendly Restaurants	Dec.	720.0	689.0	652.0
67	68	Country Kitchen	Dec.	642.0	622.0	601.0
69	71	International House of Pancakes	Dec.	626.6	590.8	537.0
91	92	Waffle House	May	303.0	306.0	297.0
AVERAGE Top 100 Family Restaurant Chain Sales per Unit				$ 991.0	$ 975.5	$ 967.8

*Ranking refers to Top 100 Chains: Ranked by Sales Per Unit
Source: *NRN* research

Another family-restaurant chain that is similar to Village Inn in that it has relied for many years on breakfast trade is International House of Pancakes. But that Beverly Hills-based concept is also expanding its consumer base and widening its focus.

"We continue down the road to repositioning," said Stephen Pettise, vice president of marketing for IHOP.

For the past six years the chain has been engaged in efforts to increase the p.m. side of the business. Dinner and lunch sales have risen accordingly, Pettise said. Breakfast offerings, which used to account for 70 percent to 80 percent of sales, now register 55 percent to 65 percent in older restaurants and just 35 percent to 45 percent in new units.

One of the chain's three new commercials emphasizes a "value-oriented" meal called the The Split Decision Dinner, which combines London broil with shrimp and rotisserie-cooked chicken and includes fresh fruit and a choice of potato.

Despite the new marketing focus that says there is "more to life than just pancakes," IHOP has not abandoned the food that defines the chain. A new promotion focuses on pancakes that are on the menu but are not big sellers.

Although Marriott intends to sell or convert the nearly 300 Hojos it bought two years ago, about 150 more orange-roof restaurants have regrouped under an umbrella licensing organization known as Franchise Associates.

Franchise Associates recently developed a menu with 32 new items. It includes such selections as the Crabby Melt, a grilled sandwich of crab and white fish; Breakfast in a Glass, which has yogurt, honey, and applesauce; Bacon Nutter, a whole wheat English muffin topped with peanut butter, bacon strips, granola, and honey; and various tacos and enchiladas.

Individual franchisees are allowed to add regional specialties like hush puppies and catfish. But the chain's signature items, among them fried clams, frankfurters, and ice cream, remain on all menus. In fact, four new flavors of ice cream will be added. One has white chocolate, and another has M&M's.

> *The conversions continue, and Frederickson is confident that demographic trends, especially the aging of the population, favor the midscale segment. 'We firmly believe everything is headed in our direction,' he said.*

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Western Steer
Family
STEAKHOUSE

A Western Steer Family Steakhouse.

BONANZA
FRESHTASTIKS
FOOD BAR
FREE WITH EVERY
MEAL
BONANZA

One of Bonanza's steakhouse restaurants.

STEAK HOUSES LOOK BEYOND STEAK

Gigantic food bars carrying everything from salad makings to fancy desserts are the norm for segment leaders trying to reposition their concepts

By Carolyn Walkup

Leading family steak houses are continuing to broaden their customer bases by expanding menus well beyond the steaks that formerly defined their niche.

Vast food bars offering everything from cold salads to hot regional entrées and desserts are becoming the norm. Expanding the menu and updating units from dark, Western decor to an airy, modern look have attracted the younger, better-educated, higher-income customers that used to shun budget steak houses.

Segment leaders credit their ongoing repositioning, among other factors, for sales increases during the last year. Of the largest chains, Sizzler, Bonanza, and Ponderosa have worked the longest to achieve a new image, with Sizzler executives claiming the chain now qualifies as a dinnerhouse rather than a budget steak house.

Sizzler's signage reinforces the preferred image, stating, "Sizzler Steak-Seafood-Salad." Continually upgrading its Fresh Fruit and Salad Bar, Sizzler currently is adding tostada and pasta bars.

Bonanza, which claims to have been the first family steak house chain to have a salad bar in 1975, also continues to expand its base beyond its original blue-collar and senior citizen market. Steaks have fallen to about 35 percent of sales, executives said, since the Freshtastiks salad bar, charbroiled chicken items, and seafood choices have increased.

Variations on Bonanza's popular Chicken Monterey are being promoted. New seafood items, such as crablegs, salmon, halibut, and swordfish steaks have contributed the bonus of raising check averages while attracting new customers.

Ponderosa's menu expansion has focused on additional fish and chicken

*(See **STEAKHOUSES**, page F66)*

TOP FAMILY STEAKHOUSE CHAINS RANKED BY SYSTEMWIDE SALES

Top 100 Rank* 1987	Top 100 Rank* 1986	Chain	Fiscal Year Ends	Systemwide Sales (By Fiscal Year, in Millions) Current	Last Full	Previous
20	24	Sizzler	April	$ 760.0	$ 632.6	$ 505.0
24	23	Ponderosa	Feb.	692.1	635.0	595.3
31	32	Bonanza	Sept.	544.0	472.0	425.0
32	34	Western Sizzlin'	Oct.	528.0	454.0	435.0
39	42	Golden Corral	Dec.	438.2	362.0	297.2
74	71	Quincy's Family Steak House	Dec.	224.9	206.0	183.2
77	85	Western Steer	Feb.	203.5	170.5	163.1
98	99	Ryan's	Dec.	145.0	105.0	55.0
99	94	York	May	140.6	136.5	142.9
100	96	Mr. Steak	Sept.	135.0	130.0	148.0
TOTAL Top 100 Family Steakhouse Sales				$3,811.3	$3,303.6	$2,949.7

*Ranking refers to Top 100 Chains: Ranked by Systemwide Sales

Source: *NRN* research

Highlights:

- **Sizzler:** Adds tostada and pasta bars.
- **Bonanza:** Swordfish, crablegs boost check averages.
- **Ponderosa:** Sundae bar increases sales.
- **Golden Corral:** Ads focus on steaks.
- **Western Sizzlin:** Steak remains the best-seller.
- **Western Steer:** Sales strong at All-American Food Bar.
- **Quincy's:** Rolling out Country Sideboard food bar.
- **Ryan's:** Megabar leads to mega-sales increases.
- **Mr. Steak:** Kicks off repositioning drive.
- **York:** Adds Bounty Buffet and salad bars.

FOCUS NRN

Steak houses expand their menus

(Continued from page F65)

items and the No Stopping the Topping Sundae Bar.

Average Ponderosa unit sales rose 10 percent during fiscal 1987. Frank Holdraker, new president and chief executive officer since Ponderosa's acquisition last January by Asher B. Edelman and his investment group, attributed the sales increase to consumer acceptance of the sundae bar and other new products.

In spite of the extensive changes that have made it harder to identify these restaurants as steak houses, steak is an important product for them. "Our mainstay is still red meat," said Peter Roelofs, Ponderosa's senior vice president of operations.

Steak still vital

Steak is even more vital to some chains in the segment that have not fought the old steak house identity. Golden Corral and Western Sizzlin' in particular are hanging on to their original niche, without apology.

With its base in small towns in the South, Southwest, and Midwest, Golden Corral is focusing its latest advertising campaign on steak and some other foods, such as chicken, that are "cooked like a great steak, on the grill." That focus did not hurt systemwide sales in fiscal 1986, up 18 percent.

A Western Sizzlin' franchisee in Nashville, Tenn., reported 75 percent of his customers order beef, particularly top sirloin. Although he has added chicken, fish, and fried shrimp, those products "are not a significant part of our product mix," James Deemus said.

Steaks account for 60 percent of sales at Western Steer, followed by the new All-American Food Bar, at 40 percent, spokesman Nat Gilliam said. The Southeastern regional chain is calling the food bar "the most dramatic change in the basic concept of Western Steer restaurants since the first one was opened in 1975."

While Western Steer previously had a salad and hot vegetable bar, the additions of a rotating all-you-can-eat menu of eight meats, seafood salads, and eight desserts have proved popular, Gilliam said. They are in place in all company-owned and most franchised units.

Quincy's, also concentrated in the Southeast and working on increasing per-unit sales rather than adding restaurants, touts steak as its top seller. More attention is being paid to menu expansion, though, with new desserts and yeast rolls added to the Country Sideboard food bar and catfish the newest entrée.

Ryan's gaining

Gaining on its larger competitors is 75-unit Ryan's, still another Southeast-based steak house chain, which made the largest annual leap in systemwide sales in 1986—up 92 percent. Analysts expect sales to be about 45 percent higher by the end of this year.

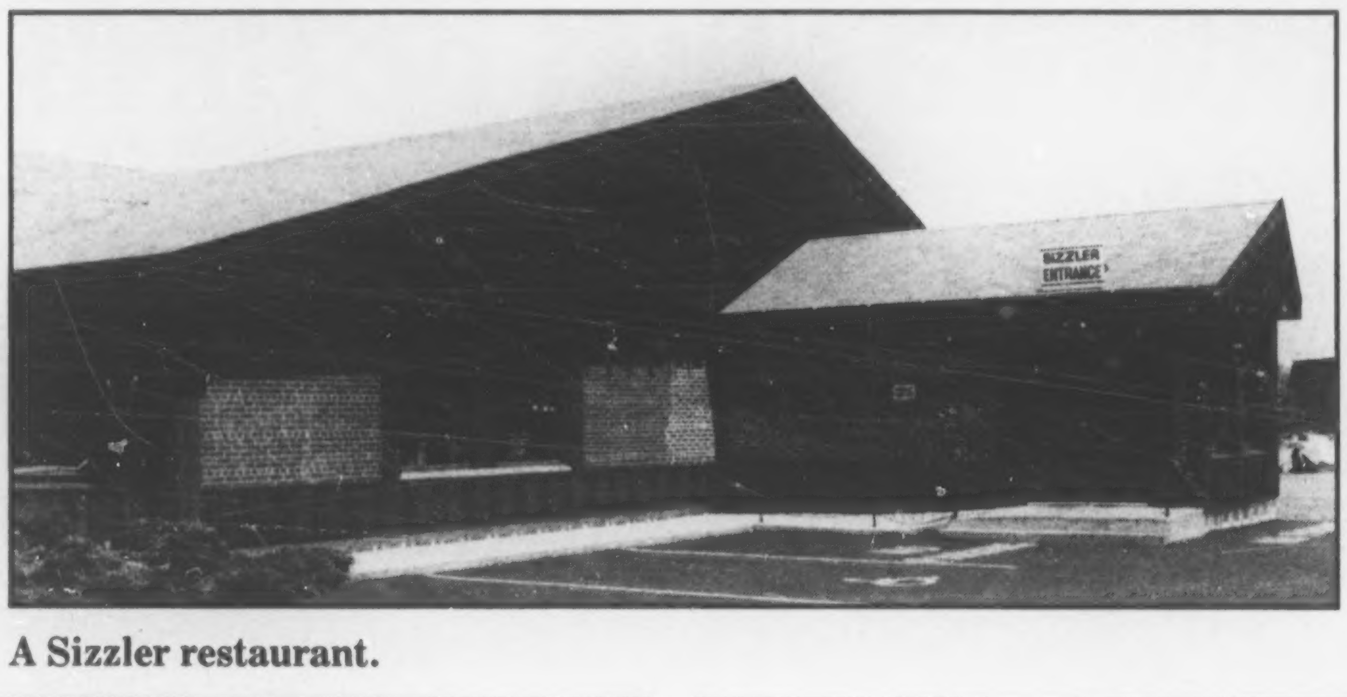
Ryan's president, T. Mark McCall, credits increases to the growing 60-item Megabar, which contributes about half of the chain's sales. Expanding seating by 30 percent, to more than 400 seats, also accounts for gains in some per-unit sales.

Mr. Steak is in the early stages of repositioning from steak to a broader menu with conversions to Mr. Steak's Grills. Company executives hope the prominent additions of seafood and salad and design changes to make the restaurants look like country inns will help the beleaguered chain's turnaround efforts.

Systemwide sales fell $18 million last year, accompanying the closing or sale of 50 units. Randall Pike, Mr. Steak chairman, said he expects Mr.

(See **STEAKHOUSE**, page F69)

A Western Sizzlin' franchisee reported 75 percent of his customers order beef, particularly top sirloin. Although he has added chicken, fish, and fried shrimp, those products 'are not a significant part of our product mix.'



A Sizzler restaurant.

FAMILY STEAKHOUSE MARKET SHARE

Top 100 Rank*		Chain	Fiscal Year Ends	Market Share (By Fiscal Year)		
1987	1986			Current	Last Full	Previous
20	24	Sizzler	April	19.94%	19.15%	17.12%
24	23	Ponderosa	Feb.	18.16	19.22	20.18
31	32	Bonanza	Sept.	14.27	14.29	14.41
32	34	Western Sizzlin'	Oct.	13.85	13.74	14.75
39	42	Golden Corral	Dec.	11.50	10.96	10.08
74	71	Quincy's Family Steak House	Dec.	5.90	6.25	6.21
77	85	Western Steer	Feb.	5.34	5.16	5.53
98	99	Ryan's	Dec.	3.80	3.18	1.86
99	94	York	May	3.69	4.13	4.84
100	96	Mr. Steak	Sept.	3.54	3.94	5.02

*Ranking refers to Top 100 Chains: Ranked by Systemwide Sales
Source: *NRN* research

TOP FAMILY STEAKHOUSE CHAINS RANKED BY NUMBER OF UNITS

Top 100 Rank*		Chain	Fiscal Year Ends	Number of Units (By Fiscal Year)		
1987	1986			Current	Last Full	Previous
35	34	Ponderosa	Feb.	716	661	620
37	36	Western Sizzlin'	Oct.	675	620	571
39	43	Sizzler	April	626	548	488
40	40	Bonanza	Sept.	610	560	542
45	49	Golden Corral	Dec.	549	484	453
69	69	Quincy's Family Steak House	Dec.	220	209	216
71	74	Western Steer	Feb.	202	184	186
76	78	Mr. Steak	Sept.	179	167	217
91	91	York	May	113	113	114
93	94	Ryan's	Dec.	93	70	53
TOTAL Top 100 Family Steakhouse Units				3,985	3,616	3,460

*Ranking refers to Top 100 Chains: Ranked by Number of Units
Source: *NRN* research

TOP FAMILY STEAKHOUSE CHAINS RANKED BY SALES PER UNIT

Top 100 Rank*		Chain	Fiscal Year Ends	Sales per Unit (By Fiscal Year, in Thousands)		
1987	1986			Current	Last Full	Previous
12	17	Ryan's	Dec.	$2,500.0	$2,000.0	$1,300.0
29	32	Sizzler	April	1,350.0	1,214.0	1,099.2
33	33	York	May	1,215.4	1,180.0	1,125.0
36	38	Ponderosa	Feb.	1,167.1	1,061.0	949.8
44	47	Western Steer	Feb.	1,000.0	921.0	899.0
45	46	Quincy's Family Steak House	Dec.	973.2	944.9	887.0
47	49	Bonanza	Sept.	930.0	858.0	787.0
50	52	Golden Corral	Dec.	870.3	786.6	716.5
54	58	Western Sizzlin'	Oct.	782.2	732.2	761.8
61	60	Mr. Steak	Sept.	725.0	725.0	682.0
AVERAGE Top 100 Fam. Stkhse. Chain Sales per Unit				$1,151.3	$1,042.3	$ 920.7

*Ranking refers to Top 100 Chains: Ranked by Sales Per Unit
Source: *NRN* research

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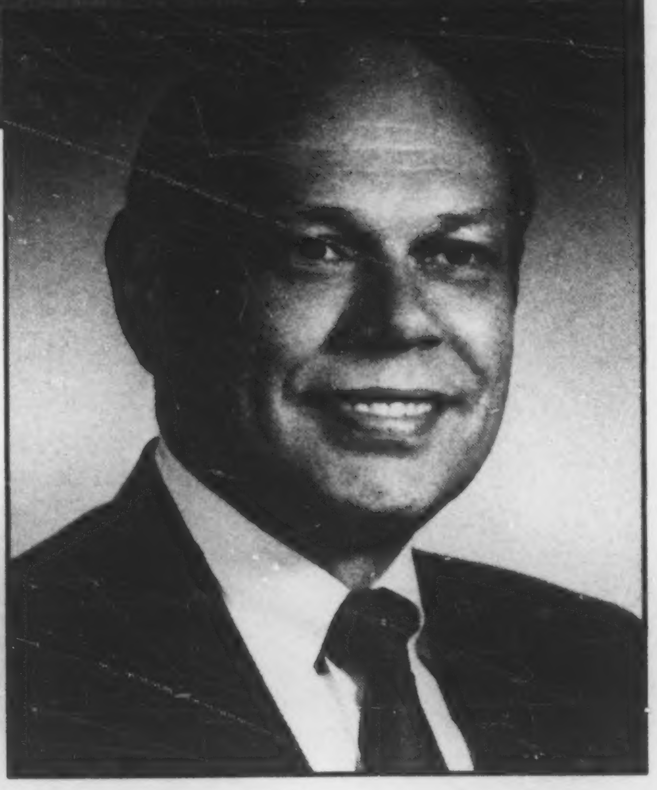


A standard Ponderosa unit. Ponderosa executives from left: Frank J. Holdraker, president and chief executive officer; Timothy F. McCarthy, senior vice president of marketing; Pieter A. Roelofs, senior vice president of operations.

Steak houses expand their menus

(Continued from page F66)

Steak's Grill to attract more women and younger customers as well as to increase lunch business.

Already attracting those customers, particularly in shopping mall locations, is York, another chain that no longer fits neatly into the family steak house mold. The all self-service units feature a Hot Fixins' salad bar, the new Bounty Buffet of hot and cold items, and a variety of "favorite American foods," according to Anne Powell, spokesperson for the General Mills Restaurant Group, which owns York.

Some of the foods York serves are its signature honey-roasted chicken, pasta, baked potatoes with toppings, lasagna, fried shrimp, baked fish, deli sandwiches, and corn on the cob.

Although York is not building new restaurants next year and saw a $5 million drop in systemwide sales last year, it has increased its average sales per unit by almost 5 percent and raised its per-person check average by 4 percent, to $5.

Most checks average $5

Check averages in the $5 range are typical of the segment, except for Sizzler, averaging $7, and Mr. Steak, nearing $6.55. Some of the chains run higher than average food costs because of their all-you-can-eat salad bars. They are able to save on labor costs by confining table service to delivery of hot entrées.

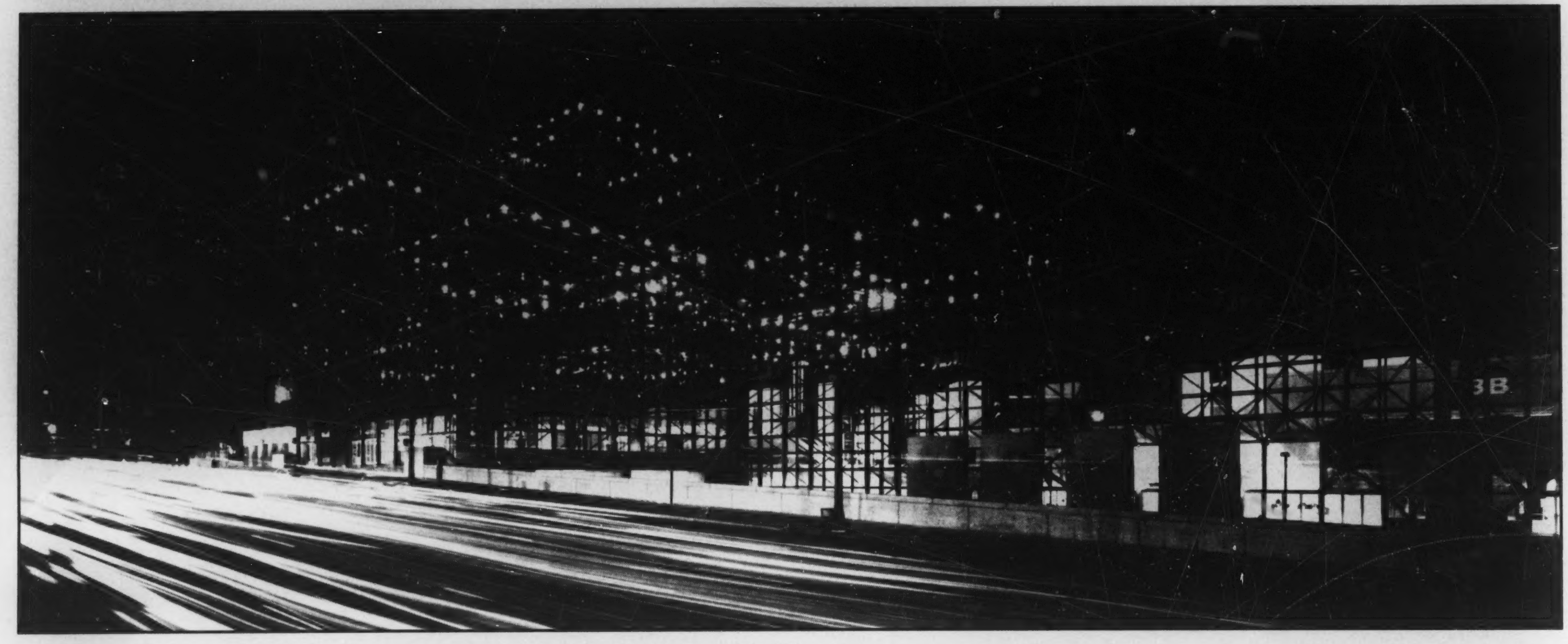
Even though table service is minimal and no tipping is expected, some family steak houses are emphasizing friendly service. At Bonanza, for instance, various employees greet and speak to customers at several points during their visits.

Except for York, the other chains plan to expand to varying degrees in the near future. Bonanza is moving beyond the Midwest and West to the rest of the United States, Canada, Puerto Rico, Australia, and perhaps Japan. Since 40 percent of Sizzler Restaurants are in California, its executives are looking to the rest of the country for development as well as to Europe, starting with England and France.

Ponderosa's new owners plan to expand far enough beyond the "Heartland" to achieve national chain status in four or five years, Roelofs said. Except for Ryan's, which is moving into the Midwest, the remaining chains plan to strengthen their existing bases.

Most chains in this segment expect good or improved results in the upcoming year. The future looks most promising for those chains that continue to change with the times and appeal to the baby-boomers, whose large numbers are starting to dominate the dining-out market.

> *'Some of the foods York serves are honey-roasted chicken, pasta, baked potatoes with toppings, lasagna, fried shrimp, and baked fish.'*



New York City's Jacob K. Javits Convention Center, service by Ogden Allied Services.

CONTRACT FEEDERS SCAN HOSTILE LANDSCAPE

In an environment shaped by mergers and acquisitions, remaining players eye mainstreaming and innovative ventures

By Alan Liddle

Amidst a sometimes hostile landscape that continues to be shaped by consolidation, many contract feeders in the *Nation's Restaurant News'* Top 100 are beginning to resemble a Jackson's Chameleon, a strange reptile that can change color and turn each eye in a different direction.

Whether thriving or merely surviving, food-service contractors appear to be keeping one eye glued on acquisition candidates while letting the other focus on such things as mainstreaming to compete with traditional retail and new-business development.

Like the year before, this year is seeing the number of players in the segment dwindle. Five acquisitions have been completed so far, with another expected to close any time. And, just as in 1984 and 1985, when ARA Corp. went private, a major leveraged buyout is in the works.

Examples of mainstreaming and innovation by Top 100 contract feeders can be found everywhere: Marriott is operating a glitzy high-volume food court called City Eats in San Francisco's posh Crocker Galleria, a three-level retail attrium adjacent to office towers, and at some units, ARA Services is testing video cassette-rental machines alongside soft-drink vending stations that accept debit cards.

In an effort to make a name and future for themselves, some contractors, including Ogden Allied Services, are taking old ideas and pushing them to new limits. While some multi-service companies might clean a stadium or arena, run the parking lot, and provide the food service under one agreement, Ogden's Mitchell Savas said his company will arrange financing and build the facility as well.

Subtle changes are also taking place in the segment. One example is the quality-improvement effort under way at Dobbs International Services, which sent 30 of its executives to a special three-day course at Cosby College in Florida.

But when all the talk of new programs and improvements is finished, one truth remains self-evident to all: Marriott continues to dominate, with a 34-percent share of the $7.4 billion Top 100 contract-feeding market.

Though Marriott has kept its appetite for smaller contractors under control since last summer's feast on Saga Corp., the company's total contract food-service revenues are nonetheless expected to grow by 9 percent, to an estimated $2.5 billion for the current year.

Among the legions straining to gain ground on Marriott—or just hold on—are No. 2 ARA Services, with its 16-percent share, No. 3 Canteen with a 9-percent slice, Seiler Corp.-parent Sodexho, Delaware North Cos., Morrison Custom Management, and Greyhound Corp. All of those companies made an acquisition or began one during the past year, with ARA's nabbing of Szabo and its estimated $200 million in annual sales the most notable of the deals closed to date.

Carson Pirie Scott & Co., the Chicago-based retailer that wants to get back to basics in its core business, is expected to exit from the top 100 shortly with the sale of its Dobbs

*(See **CONTRACT**, page F75)*

Highlights:

- **Marriott:** Opens flashy food court at Crocker Galleria in San Francisco.
- **ARA Services:** Launches new catering division called Classic Fare and tests video rentals at vending sites.
- **Ogden Allied Services:** Offers to finance and build stadiums and arenas; on the prowl for acquisitions.
- **The Greyhound Corp.:** Buys Dobbs House businesses from Carson Pirie Scott & Co.
- **Allegheny Beverage Corp.:** Will exit food service if shareholders approve leveraged buyout of Service America division.
- **Canteen Corp.:** Steps up competition with fast feeders, family restaurants, and independents.

TOP CONTRACT FEEDERS RANKED BY SYSTEMWIDE SALES

Top 100 Rank*		Chain	Fiscal Year Ends	Systemwide Sales (By Fiscal Year, In Millions)		
1987	1986			Current	Last Full	Previous
12	13	ARA Services	Sept.	$1,245.0	$1,048.7	$ 944.7
25	22	Canteen	Dec.	666.0	641.0	409.0
33	31	Service America Corp.	March	525.9	496.2	432.2
49	39	Sky Chefs	Dec.	310.0	398.0	352.0
59	62	Morrison Custom Mgmt.	May	274.0	244.0	133.3
65	65	Seiler Corp.	Aug.	250.0	218.0	190.0
79	79	Ogden Allied Aviation Services	Dec.	200.5	187.5	170.0
86	102	Concession Air	Dec.	175.0	65.0	50.0
87	91	Sportservice	Dec.	174.7	149.7	125.4
94	97	Ogden Allied Services	Dec.	150.5	127.5	90.0
TOTAL Top 100 Contract Feeder Segment Sales				$3,971.6	$3,575.6	$2,487.6

*Ranking refers to Top 100 Chains: Ranked by Systemwide Sales
Marriott Food Services Management and Marriott In-Flite Services/Host are not included. See footnote on Top 100 Chains chart, pages F10-F12.

Source: *NRN* research

Contract feeders looking to diversify

(Continued from page F70)

International Services, Dobbs Houses, and Carson International operations to Greyhound Corp.

Dobbs deal closing soon

The $390 million deal for Dobbs, which is second only to Marriott in airline catering, is expected to close this month or next and will catapult Greyhound into the No. 3 or No. 4 Top 100 spot, either just ahead of Canteen or behind it.

Of course, Greyhound's climb up the list could be thwarted if a major acquisition is made by Ogden, which has indicated it is on the prowl, or Sodexho. The Waltham, Mass.-based Sodexho got into the buying swing of things in late 1986 by picking up Food Dimensions Inc., a San Francisco health-care feeder that gives it a West Coast presence and an additional $100 million in annual sales.

Also conceivably in a position to burst Greyhound's Top 100 bubble is Delaware North, the family-held Buffalo, N.Y., company that used legal as well as financial means to beat out Marriott for Sky Chefs' airport terminal business in early 1987.

The Delaware North-Marriott skirmish began late last year, when Delaware North's attorneys filed an antitrust suit claiming Marriott would control 78 percent of the terminal-feeding business at major airports if permitted to purchase the Sky Chefs operations. The Delaware North attorneys suggested that such a market share within the industry would be tantamount to a monopoly.

The Delaware North-Marriott skirmish began late last year, when Delaware North's attorneys filed an antitrust suit claiming Marriott would control 78 percent of the terminal-feeding business at major airports if permitted to purchase Sky Chefs.

After the suit was filed, Sky Chefs cancelled its tentative agreement with Marriott and sold the terminal sites to Delaware North, which combined them with its Air Terminal Services division to create Concession Air. Marriott later filed suit, alleging that Delaware North unlawfully interfered in Marriott's business.

Sky Chefs' parent, Onex Capital Corp. of Toronto, Canada, put the terminal business up for sale to help pay down some of the debt Onex incurred in acquiring Sky Chefs from AMR Corp. in early 1986. The terminal operations transferred to Delaware North reportedly generate about $100 million in sales annually.

Marriott's In-flite division soaring

At more than twice the size of its closest competitor in the airline catering and airport food-service game, Marriott's In-flite and Host divisions continue to increase their market share through enviable economies of scale, considerable marketing clout, and the financial resources to cut already razor-thin margins even closer when needed to attract new business.

Those two Marriott divisions brought in total revenues of about $827 million for the year ended December 1986 and are expected to see their combined market share grow from 44 percent in 1985-86 to 45 percent in 1986-87. In comparison, No. 2 airline-terminal feeder Dobbs, with estimated revenues of $408 million last year, controls about 22 percent of the market.

While it increased its terminal-feeding market share with the creation of Concession Air this year, Delaware North also jettisoned its Oceanic Butler, a company that caters to off-shore oil-drilling platforms. A company official said the sale of Oceanic Butler back to the Gulf Coast family that founded it was prompted by the dismal state of the oil industry

(See CONTRACT, page F76)

TOP CONTRACT FEEDERS RANKED BY SALES PER UNIT

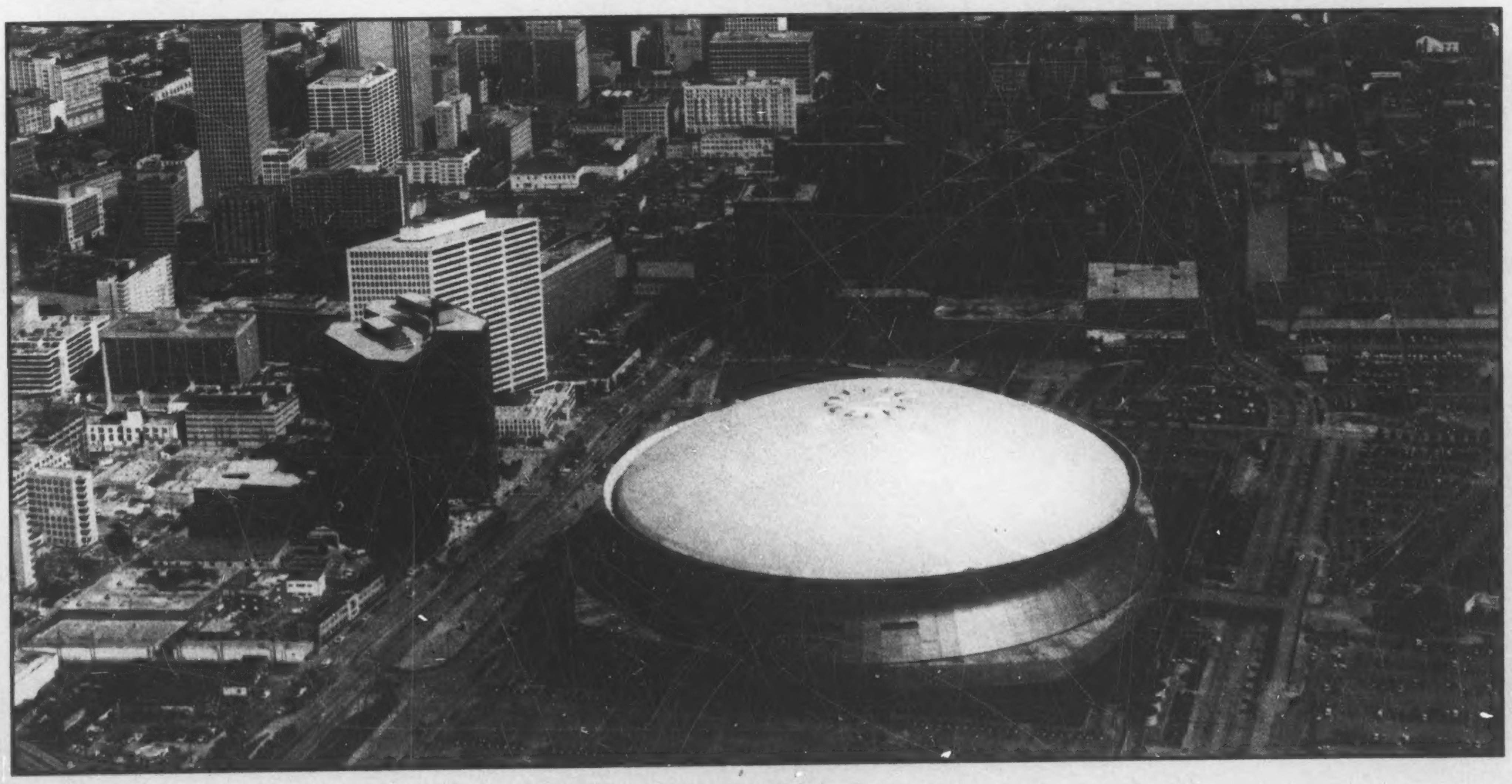
Top 100 Rank*		Chain	Fiscal Year Ends	Sales per Unit (By Fiscal Year, in Thousands)		
1987	1986			Current	Last Full	Previous
1	1	Ogden Allied Aviation Services	Dec.	$12,530.0	$11,720	$10,630.0
2	3	Sky Chefs	Dec.	9,120.0	5,690.0	5,250.0
5	5	Concession Air	Dec.	4,860.0	5,000.0	4,550.0
28	29	Sportservice	Dec.	1,360.0	1,300.0	1,250.0
40	42	Ogden Allied Services	Dec.	1,080.0	1,020.0	782.6
44	40	Seiler Corp.	Aug.	1,000.0	1,030.0	1,080.0
55	53	ARA Services	Sept.	778.1	776.8	651.5
81	83	Service America Corp.	March	413.1	401.4	360.1
84	82	Canteen	Dec.	399.2	404.1	459.1
86	87	Morrison Custom Mgmt.	May	347.7	344.6	349.8

*Ranking refers to Top 100 Chains: Ranked by Sales Per Unit
Marriott Food Services Management and Marriott In-Flite Services/Host are not included. See footnote on Top 100 Chains chart, pages F10-F12.
Source: *NRN* research

TOP CONTRACT FEEDERS RANKED BY NUMBER OF UNITS

Top 100 Rank*		Chain	Fiscal Year Ends	Number of Units (By Fiscal Year)		
1987	1986			Current	Last Full	Previous
16	16	Canteen	Dec.	1,668	1,586	890
20	20	ARA Services	Sept.	1,600	1,350	1,450
22	22	Service America Corp.	March	1,273	1,236	1,200
30	32	Morrison Custom Mgt.	May	788	708	381
63	67	Seiler Corp.	Aug.	250	210	175
83	83	Ogden Allied Aviation Services	Dec.	140	125	210
85	90	Sportservice	Dec.	128	115	100
97	100	Concession Air	Dec.	36	13	11
98	95	Sky Chefs	Dec.	34	70	67
99	99	Ogden Allied Aviation Services	Dec.	16	16	16
TOTAL Top 100 Contract Feeder Units				5,933	5,429	4,500

*Ranking refers to Top 100 Chains: Ranked by Number of Units
Marriott Food Services Management and Marriott In-Flite Services/Host are not included. See footnote on Top 100 Chains chart, pages F10-F12.
Source: *NRN* research



The Superdome in New Orleans, managed by Ogden Allied Services.

Contract feeders following Marriott

(Continued from page F75)

and a "good offer."

Allegheny Beverage Corp. will exit food service altogether in the near future if shareholders approve a proposed $500 million management-led leveraged buyout of Service America Corp. That Allegheny subsidiary, currently ranked fourth among contract feeders in the Top 100, is expected to ring up about $526 million in annual sales this fiscal year.

Allegheny reports losses

Service America, with a large number of accounts in troubled industries, has been a burden to Allegheny since 1985, when Allegheny created it through the merger of its Macke Co. and Servomation. Allegheny reported a loss of $53 million on revenues of $819 million for the nine months ended Dec. 27.

Despite Service America's contribution to Allegheny's earnings woes—not a small part of it related to the interest on $180 million in debt remaining from the Servomation acquisition—some people believe it has a future. Among the supporters are at least one analyst and the managers and banking investment firm behind the leveraged buyout.

In the vending arena alone, Canteen generates an additional $500 million a year, as does ARA Services, while Service America's vending machines crank out an estimated $430 million in revenues compared with Greyhound's $100 million. ARA also does a substantial business overseas, as does Marriott's airline catering and airport terminal groups.

Looking closer at McDonald's

"We've quit looking at the Marriotts and Service Americas as being our competitors and are paying attention to the McDonald's [fast-food restaurants], TGI Friday's [casual dinnerhouses], and convenience stores," Dave Hatch, a marketing vice president with ARA Services, said recently. "There's a lot more excitement, color, and pizzazz associated with this [contract feeding] than there was just five years ago."

Another executive, Sheldon Silver of Canteen, remarked: "The way we see it is that if someone doesn't bring a brown bag to work, we have the opportunity to make a sale . . . But people don't have to eat at the plant anymore."

Silver was referring to the fact that company cafeterias and executive dining rooms are no longer the only game in town with coffee shops and upscaled fast-food restaurants on nearly every corner, multi-unit and independent restaurateurs opening in office buildings, and convenience

*(See **CONTRACTS**, page F91)*

> 'City Eats, which Marriott took over three years ago under a management contract after the developer ran into problems, is the largest of the company's three operating food courts.'

CONTRACT FEEDERS MARKET SHARE

Top 100 Rank*		Chain	Fiscal Year Ends	Market Share (By Fiscal Year)		
1987	1986			Current	Last Full	Previous
12	13	ARA Services	Sept.	31.35%	29.33%	32.61%
25	22	Canteen	Dec.	16.77	17.93	14.12
33	31	Service America Corp.	March	13.24	13.88	14.92
49	39	Sky Chefs	Dec.	7.81	11.13	12.15
59	62	Morrison Custom Mgmt.	May	6.90	6.82	4.60
65	65	Seiler Corp.	Aug.	6.29	6.10	6.56
79	79	Ogden Allied Services	Dec.	5.05	5.24	5.87
86	102	Concession Air	Dec.	4.41	1.82	1.73
87	91	Sportservice	Dec.	4.40	4.19	4.33
94	97	Ogden Allied Aviation Services	Dec.	3.79	3.5	3.11

*Ranking refers to Top 100 Chains: Ranked by Systemwide Sales
Marriott Food Services Management and Marriott In-Flite Services/Host are not included. See footnote on Top 100 Chains chart, pages F10-F12.
Source: *NRN* research

Upscale merchandising marks Marriott's City Eats.

by Marriott

Marriott's City Eats in San Francisco's Crocker Galleria.

NRN Photos

Customers line up at deli, grill, and Mexican food stations.

The dining area adjacent to "Wok of the Town" in City Eats.

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CAFETERIAS CHOOSE NEW GROWTH CONCEPTS

Sales are still sluggish, but the chains are remaining optimistic about the future by looking ahead to expansion, remodeling, and an improving economy.

By Karen Bruno

Although most of the giant cafeteria chains are continuing to report soft customer counts, industry observers believe the trend is bottoming out as the chains begin to benefit from extensive remodeling programs, an improved economy in the Energy Belt, and strengthened operations instituted last year.

Morrison, the segment leader, is showing the strongest performance of the large cafeteria chains as it reaps the rewards of its "Cafeteria of the Future" remodeling program. "Morrison Cafeteria's customer counts are up slightly for the year ended in May," said Craig Weichmann, an analyst for Morgan Keegan & Co. However, Furr's, Luby's, Wyatt, and Piccadilly are reporting customer counts flat or down slightly. "We've bottomed," said John Curtis, vice president of finance for the San Antonio, Texas-based Luby's Cafeterias. "It will be a slow pull out of it as employment continues to rise in Texas."

"Next year traffic will be up slightly," said H. L. Packer, president of the Dallas-based, 120-unit Wyatt Cafeterias. "Things are leveling off and in some instances turning around."

James Malmberg, president of the 103-unit Piccadilly chain, based in Baton Rouge, La., said that "counts are down slightly because of a poor economy. But we're optimistic that there will be an upturn within the next year."

"Operating profits for existing units are up nicely," Malmberg said. Piccadilly expects to report systemwide sales of $220 million in fiscal 1987 ending June 30. Almost half of the chain's units are in Texas, Louisiana, and Oklahoma, areas the hardest hit by the oil bust.

TOP CAFETERIA CHAINS RANKED BY SYSTEMWIDE SALES

Top 100 Rank*		Chain	Fiscal Year Ends	Systemwide Sales (By Fiscal Year, in Millions)		
1987	1986			Current	Last Full	Previous
57	57	Morrison's Cafeterias	May	$ 315.0	$ 288.1	$ 263.2
66	65	Piccadilly Cafeterias Inc.	June	242.0	220.0	205.5
67	67	Luby's Cafeteria	Aug.	236.7	215.1	195.9
68	63	Furr's	Dec.	235.0	238.0	227.0
84	80	Wyatt Cafeterias	Dec.	185.0	184.5	183.5
TOTAL Top 100 Cafeteria Segment Sales				$1,213.7	$1,145.7	$1,075.1

*Ranking refers to Top 100 Chains: Ranked by Systemwide Sales

Source: *NRN* research

TOP CAFETERIA CHAINS RANKED BY SALES PER UNIT

Top 100 Rank*		Chain	Fiscal Year Ends	Sales per Unit (By Fiscal Year, in Thousands)		
1987	1986			Current	Last Full	Previous
13	10	Luby's Cafeteria	Aug.	$2,423.0	$2,421.0	$2,427.0
19	19	Piccadilly Cafeterias Inc.	June	1,890.6	1,896.5	1,902.8
20	20	Morrison's Cafeterias	May	1,886.2	1,850.0	1,740.0
21	21	Furr's	Dec.	1,802.0	1,822.0	1,823.0
23	23	Wyatt Cafeterias	Dec.	1,535.0	1,525.0	1,525.0
AVERAGE Top 100 Cafeteria Chain Sales per Unit				$1,907.4	$1,924.9	$1,887.6

*Ranking refers to Top 100 Chains: Ranked by Sales Per Unit

Source: *NRN* research

Highlights:

- **Morrison:** 'Cafeteria of the Future' remodeling program pays off; more takeout shops added.
- **Luby's:** Worst is over for chain as Texans go back to work.
- **Wyatt:** Turnaround seen for Dallas-based chain.
- **Piccadilly:** Eyes expansion in California, Virginia, and the Midwest; upturn in customer counts seen within the year.
- **Furr's:** Leveraged buyout halts expansion for now.

Morrison, once dubbed "the sleeping giant" by the industry because of its underutilized cafeteria division and pattern of eroding customer counts, is reaping the rewards of its ambitious "Cafeteria of the Future" renovation program, which began last year.

"The proof of the pudding is the earnings improvement," Weichmann said. "Morrison is experiencing a pop in volume at these remodeled units," he said.

"Earnings for the cafeteria division are up 39 percent, to $27 million, from $19.4 million, with 5 percent to 10 percent volume gains out of the converted units," Weichmann said.

The 156-unit Morrison Cafeterias, headed by executive vice president Samuel Beall, has completed the second year of the program, having remodeled 100 units. Thirty percent of the remodeled units will have take-out shops located near the front door.

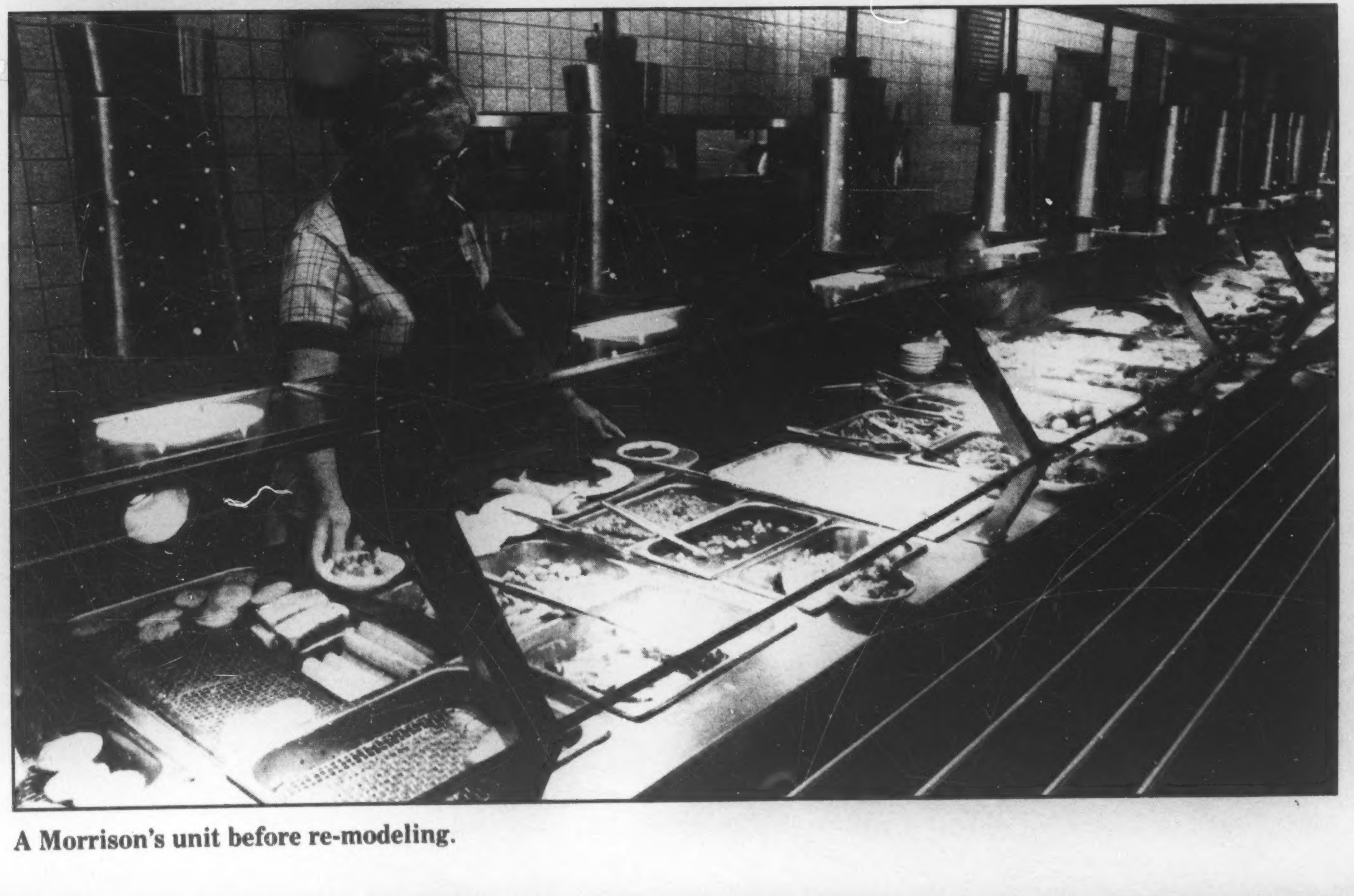
"Next year Morrison will be able to lower the cost of conversion from $200,000 to $225,000 per unit to $165,000 to $185,000," Weichmann added. "And it will add between 10 and 12 new units and convert another 35."

Ironically, the cafeteria business, which originated in the North and then moved southward, is struggling to establish itself outside of the South. With counts expected to turn around, the cafeteria chains are focusing on long-term growth, eyeing geographic regions other than the South for possible sites.

"There is an emerging trend for cafeterias, which are concentrated in the South, to broaden their geographic scope," Weichmann said.

"The only question on our minds is

*(See **CAFETERIAS**, page F85)*



A Morrison's unit before re-modeling.

FOCUS | NRN

An interior of a Luby's cafeteria dining room.

Cafeterias breaking out of Sunbelt

(Continued from page F80)

whether or not we can expand out of the Sunbelt. We don't have a good feel for that yet, and neither does our competition," said Eugene Bishop, president and chief executive officer of Morrison's.

"Our Baltimore, Md., unit is looking good," he said. This unit, which opened late last summer, is the chain's first foray north of the Mason-Dixon line. "I'm concerned. We haven't been able to make money in the North. We weren't successful in Ohio."

Piccadilly is also anxious to break out of the Cafeteria Belt, eyeing California, Virginia, and even the Midwest as virgin territory.

Currently, only Furr's and Wyatt, both privately held, have units in California.

Piccadilly planning California units

Piccadilly, which is the only chain which competes geographically with all of the other chains, is planning to open three units in California next year, according to Malmberg. "California is a big state. There are lots of older people there."

He added he is not ruling out Northern California, Virginia, or even the Midwest as possible sites for units.

Although expansion out of the Cafeteria Belt is uncertain, most of the chains are proceeding to add as many as 10 percent of their base units in traditional territories.

"We expect to open five units next year and close two or three," Wyatt's Packer said. He added that traffic counts for the chain's California units are up slightly. "We may possibly add more units in California," he said.

Piccadilly has remodeled 40 or so units in the past year "as a matter of course," Malmberg said. "Operationally, we have broadened our management structure, adding a third region manager. This positions us for future growth."

Morrison slows expansion

Morrison Cafeterias "has slowed unit expansion because of the remodeling program. It will come back to that," Weichmann said.

The Lubbock, Texas-based Furr's has "no expansion plans because of our leveraged buyout," said chairman and chief executive officer Michael Levenson. The company, which is buying itself back from K mart, is now owned by Cavalcade Foods, also in Lubbock, Texas. "One unit that had a

*(See **CAFETERIAS**, page F86)*

> *Luby's is continuing to add 10 percent of its total number of units per year. 'The economy has not curtailed our expansion plans,' said vice president Curtis. 'Luby's will open 10 units in fiscal 1988.'*

TOP CAFETERIA CHAINS RANKED BY NUMBER OF UNITS

Top 100 Rank*		Chain	Fiscal Year Ends	Number of Units (By Fiscal Year)		
1987	1986			Current	Last Full	Previous
80	80	Morrison's Cafeterias	May	167	156	153
87	82	Furr's	Dec.	127	130	124
89	86	Wyatt Cafeterias	Dec.	121	120	122
86	88	Piccadilly Cafeterias Inc.	June	128	116	108
92	93	Luby's Cafeteria	Aug.	103	94	85
TOTAL Top 100 Cafeteria Units				646	616	529

*Ranking refers to Top 100 Chains: Ranked by Number of Units
Source: *NRN* research

CAFETERIA SEGMENT MARKET SHARE

Top 100 Rank*		Chain	Fiscal Year Ends	Market Share (By Fiscal Year)		
1987	1986			Current	Last Full	Previous
68	63	Furr's	Dec.	19.36%	20.77%	21.11%
67	67	Luby's Cafeteria	Aug.	19.50	18.77	18.22
59	57	Morrison's Cafeterias	May	25.95	25.15	24.48
66	65	Piccadilly Cafeterias, Inc.	June	19.94	19.20	19.11
84	80	Wyatt Cafeterias	Dec.	15.24	16.10	17.07

*Ranking refers to Top 100 Chains: Ranked by Systemwide Sales
Source: *NRN* research

Cafeterias appeal to all age groups

(Continued from page F85)

long lead time is being opened this summer in Claremont, Calif.," Weichmann noted.

Luby's is continuing to add 10 percent of its total number of units per year. "The economy has not curtailed our expansion plans," said vice president Curtis. "Luby's will open 10 units in fiscal 1988, bringing the total number of units to 113."

Morrison is not the only cafeteria chain that is concerned about saturation. "Long-term, five or ten years from now, if we don't breakout of the Sunbelt we will be overbuilt," Morrison's Bishop said.

Furr's Levenson said, "The market is saturated." The chain currently has 10 units in California, having closed three in that state this year.

Also noting increasing competition, Piccadilly's Malmberg said, "There has been some cannibalization of units, both by direct competitors and by our own units. But we expect to lap our competition as the market expands," he said.

Everyone getting into cafeterias

John Lahourcade, Luby's president and chief executive officer, has noted competition from outside the segment: "Everyone is slipping into the cafeteria business in some manner," he said.

Lahourcade added that population projections are "on his side" in Texas and that the new units in Arizona are "doing well. We have not seen the need to get away from home yet."

However, Morrison, with a specialty restaurant division and a new contract feeding business, is "lessening its commitment to cafeterias," Bishop said.

"Cafeterias will continue to be a lesser segment," he said. "We don't want to be left with just cafeterias to grow with."

Forty-seven percent of Morrison's revenue, about $300 million, currently comes from the cafeteria division. In fiscal 1988 ending next May, this division is expected to report $315 million in sales. Others are more bullish regarding the segment. "Cateterias do well in a recession; that's why I'm optimistic" said Piccadilly's Malmberg. "The future of the business is excellent. We offer something for every age group—the senior citizen, the families, and single people."

Picadilly's structure broading

He added that with the recent addition of a third region manager, the company's operational structure is broadening. Last year the chain placed four managers in every unit to help improve line speed.

"I would like to be in the cafeteria business—it has the strongest balance sheets in the food-service industry," Weichmann said.

CAFETERIA SEGMENT PRICE DATA

(For Selected Chains)

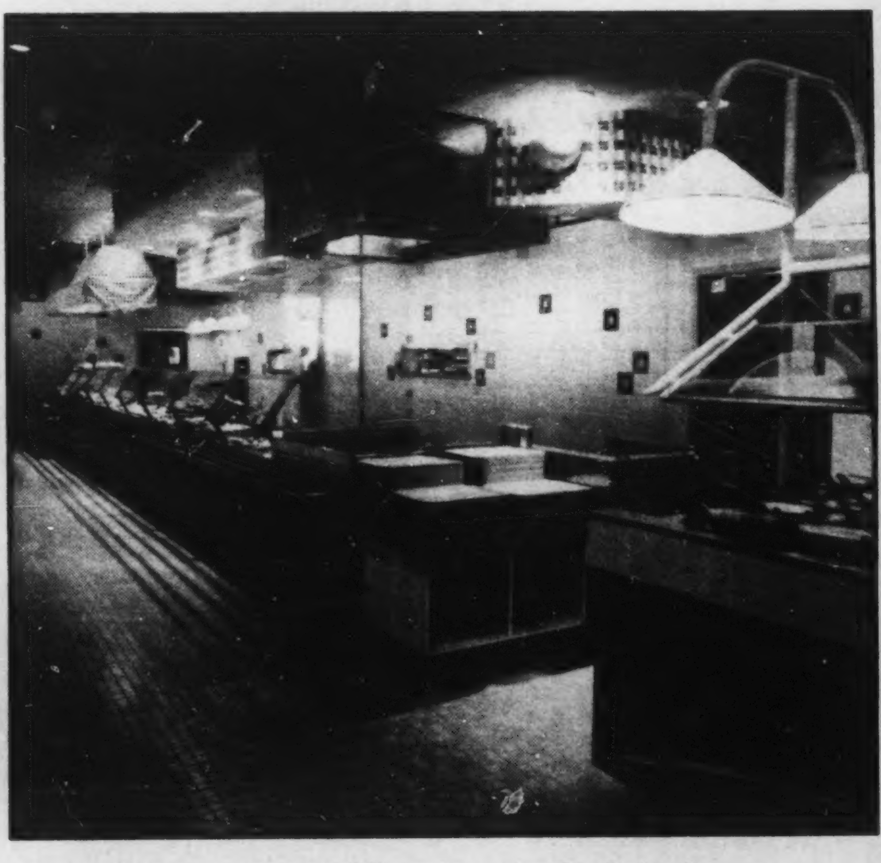
	Average Per-Person Check (By Fiscal Year)			Menu Price Increase (By Fiscal Year)		
Chain	Current	Last Full	Previous	Current	Last Full	Previous
Wyatt Cafeterias	$4.35	$4.20	$4.06	3.5%	3.5%	4.0%
Morrison's Cafeterias	4.60	4.51	4.41	2.0	2.0	2.0
Piccadilly Cafeterias Inc.	4.24	4.15	3.95	3.0	3.0	3.0
Luby's Cafeteria	4.43	4.38	4.24	2.0	3.0	5.0
Furr's	4.63	4.35	4.25	6.5	2.0	2.0
AVERAGE for Chains Listed	$4.45	$4.32	$4.18	3.4	2.7	3.2

Source: *NRN* research

'Cafeterias do well in a recession; that's why I'm optimistic' said Piccadilly's Malmberg. 'The future of the business is excellent. We offer something for every age group—the senior citizen, the families, and single people.'

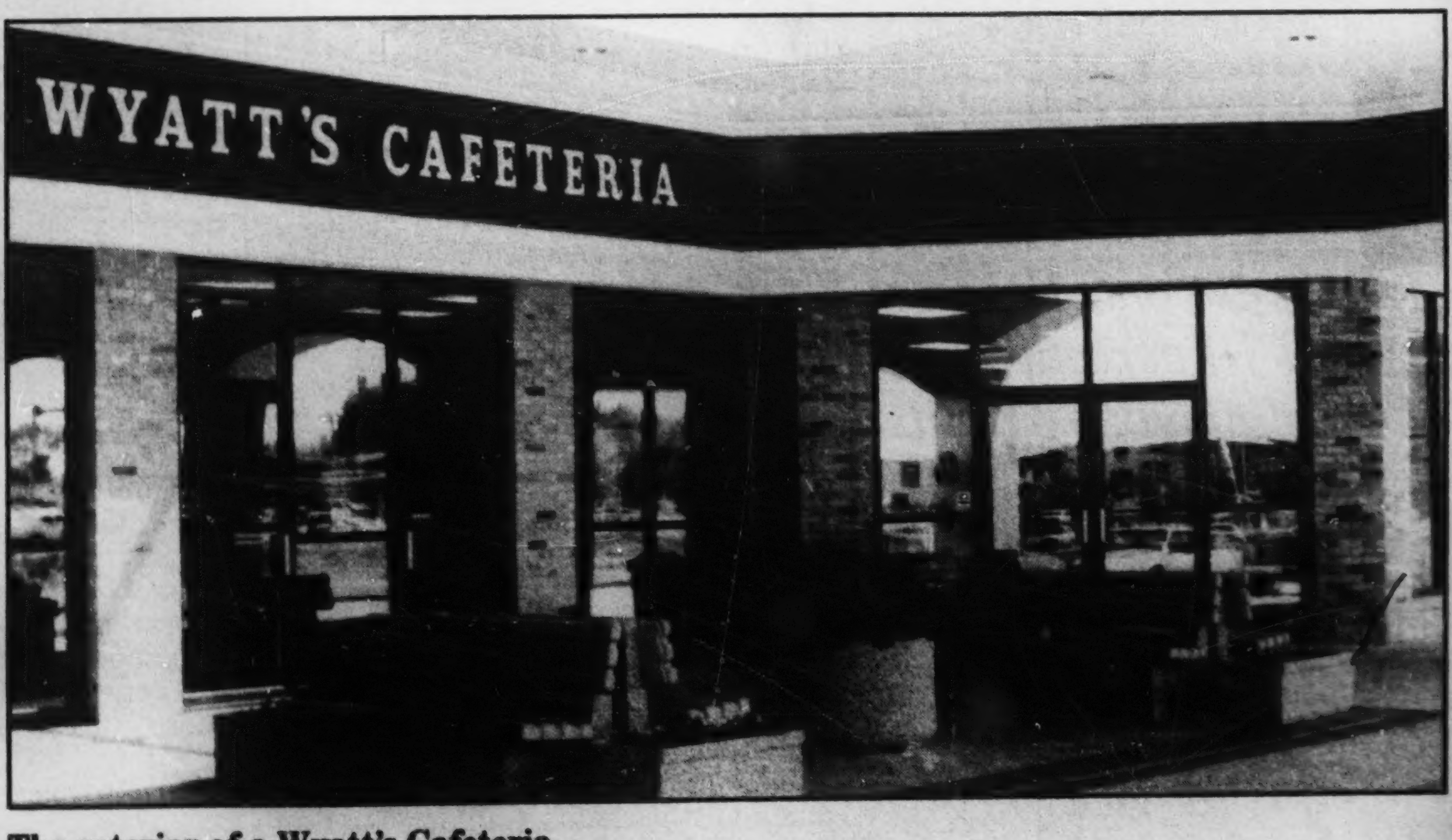
Luby's CAFETERIA

An exterior of a Luby's Cafeteria.



A newly renovated Morrison's Cafeteria.

The dining room of a Wyatt's Cafeteria.



The exterior of a Wyatt's Cafeteria.

Burger bigs attempt to differentiate

(Continued from page F28)

direction over the past two years. By focusing on roast beef and updating unit design elements, the chain has enjoyed consistent growth. It claims to have more than 50 percent of the roast beef market in fast food. And now that the core roast beef business has been solidified, the chain is exploring new sandwich categories to build incremental sales.

"About 85 percent of our business is roast beef, but that may be reduced as we add new sandwiches to get new customers," Belatti said.

Chicken cordon bleu in test

A roast chicken sandwich has already been added. A chicken cordon bleu product and a corned beef reuben sandwich are being tested. Moreover, a 16-ounce frozen soft-serve dessert is in test.

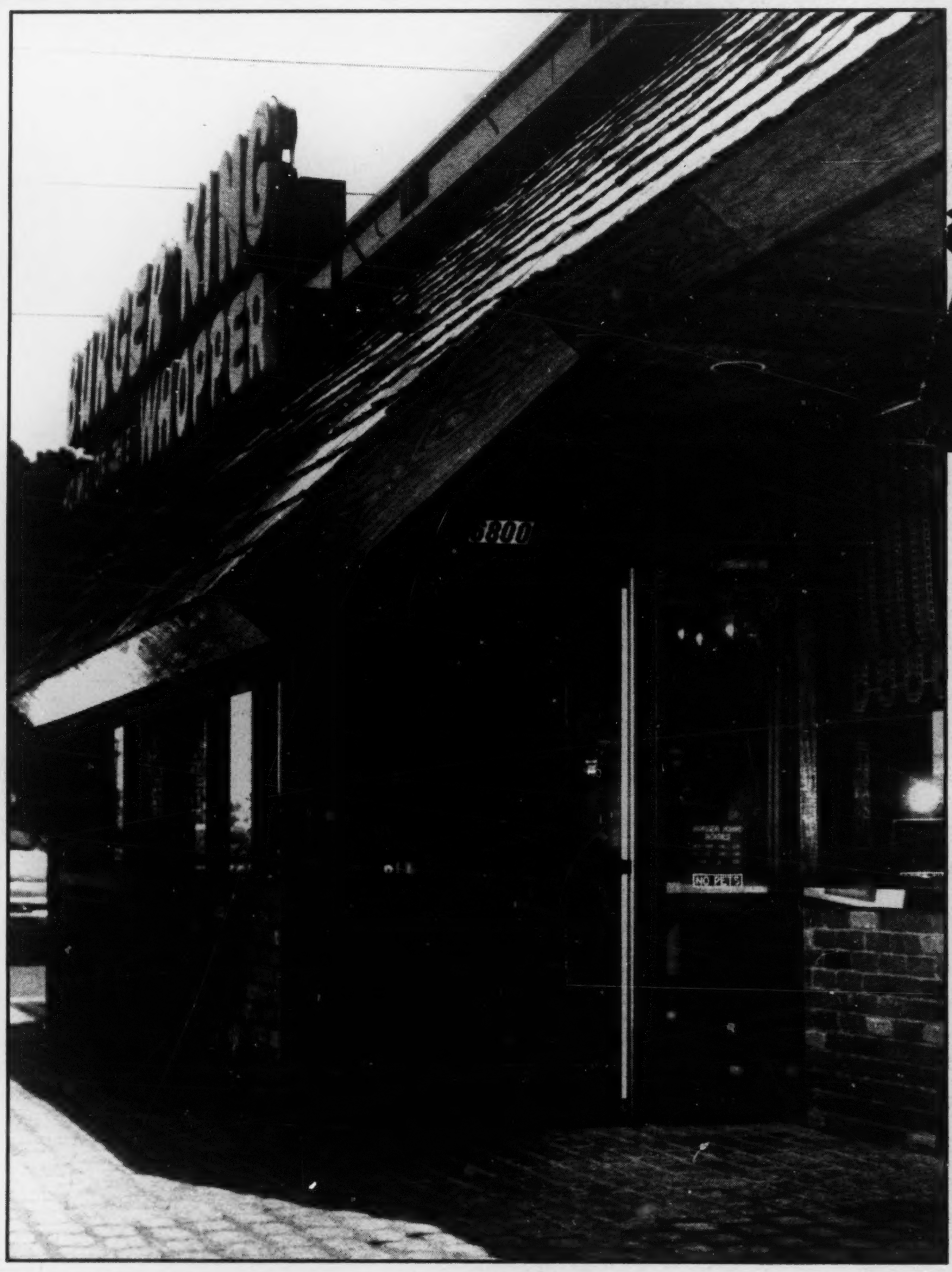
Backer & Spielvogel, Arby's advertising agency, recently dumped the company to take Wendy's account. Arby's plans to continue promoting itself as a unique alternative to the burger chains. A recent advertising theme, "Taste the Difference at Arby's," has sparked favorable operating results. In the meantime, the company is shopping for a new agency.

While Arby's has stressed its point of difference, Rax Restaurants, another roast beef chain, has jumped on the burger bandwagon with a hamburger product called 'the Works.' The company has also added pasta offerings to an extensive salad bar that already includes some hot Mexican dishes.

While Arby's has stressed its point of difference, Rax Restaurants, another roast beef chain, has jumped on the burger bandwagon with a hamburger product called "the Works." The company has also added pasta offerings to an extensive salad bar that already includes some hot Mexican dishes. Prepackaged salads were added at the drive-thru window only.

The company, which claims to have introduced the first baked potatoes and full salad bars in the quick-serve industry, attacked Wendy's for "copycatting" in television spots that introduced the hamburger. The spots, which were part of the "Fast Food with Style" campaign, claimed Wendy's also stole Rax's corn-dusted Kaiser roll for Wendy's Big Classic.

Meanwhile, Carl's Jr. has rebounded from a tough 1986, during which it pulled out of the troubled Oil Patch region by closing about 27 unprofitable restaurants in Texas. Traffic, sales, and profits have all been up, the company said.



Facade of a Burger King unit.

As part of an image-enhancement program, Carl's Jr. recently opened a modern new prototype unit in its headquarters city of Anaheim, Calif. The new restaurant features upscale decor, several different dining areas, and additional seating.

Adds chicken barbecue sandwich

In recent months the chain added an improved charbroiled chicken barbecue sandwich, a new charbroiled chicken club sandwich, and a line of stuffed baked potatoes. A country fried steak product and a self-serve, all-you-can-drink beverage bar are also being introduced, and an ice cream sundae bar is being tested.

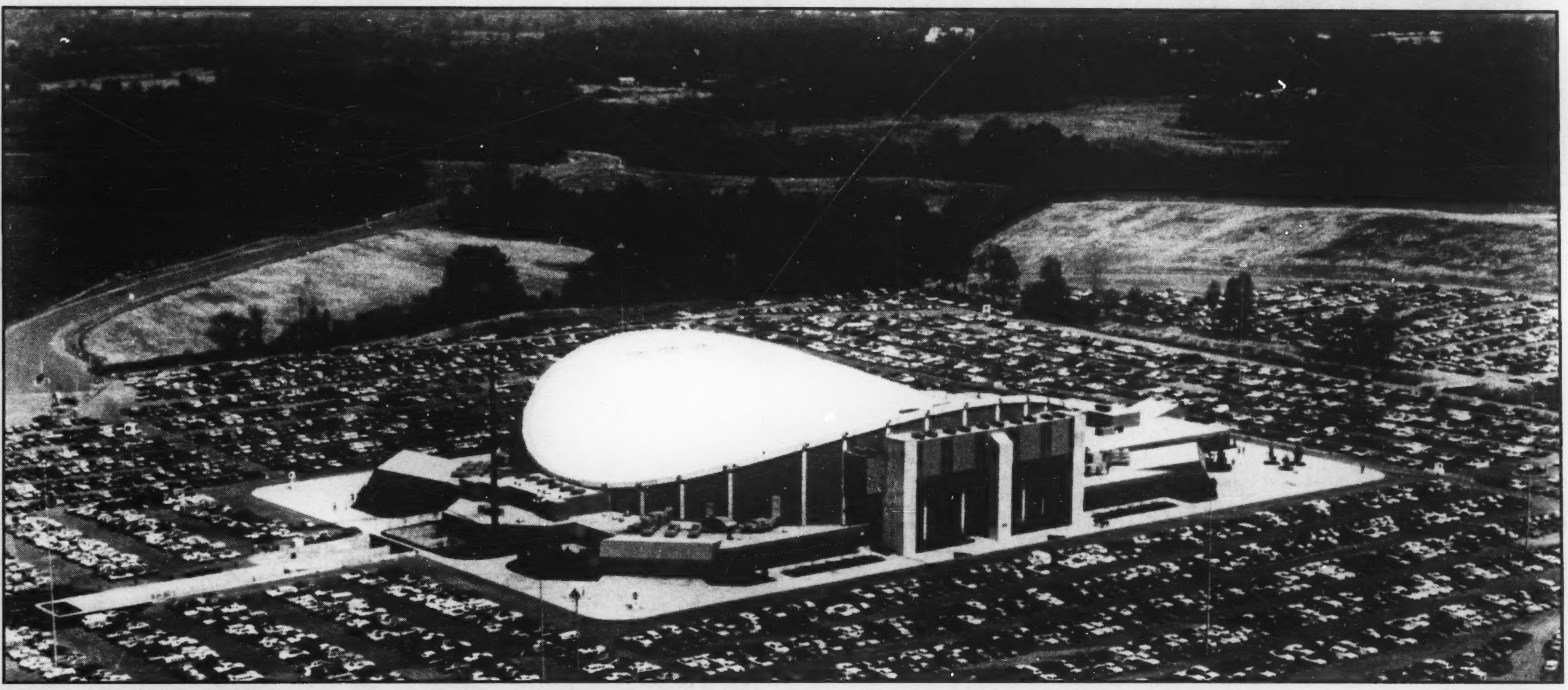
Carl's plans to continue to expand in its core market of California.

New products also have been a boon at Jack-in-the-Box. The chain claims its profits have tripled because of its fajita pita sandwich, consisting of grilled and marinated beef strips combined with lettuce and tomato in a pita with salsa or guacamole. Other menu additions in recent months include a hot club sandwich, a pizza pocket sandwich, and a prepackaged cheesecake product.

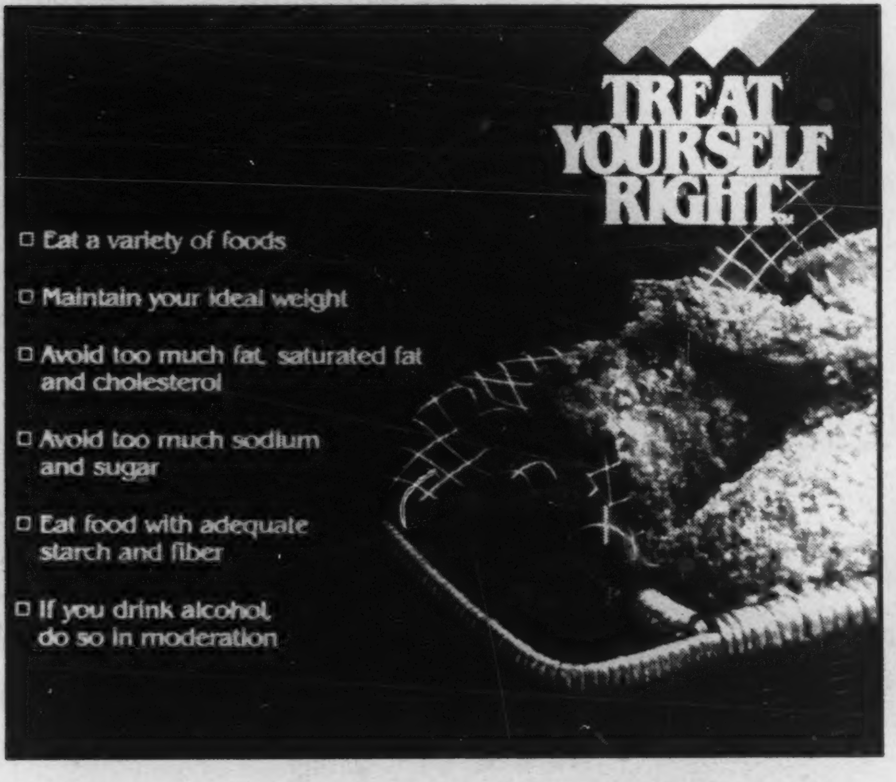
Roy Rogers
Roy Rogers

One of Roy Rogers' restaurants.

A McDonald's unit.



The Capitol Centre in Landover, Md., food service by Ogden Services.



TREAT YOURSELF RIGHT.

☐ Eat a variety of foods

☐ Maintain your ideal weight

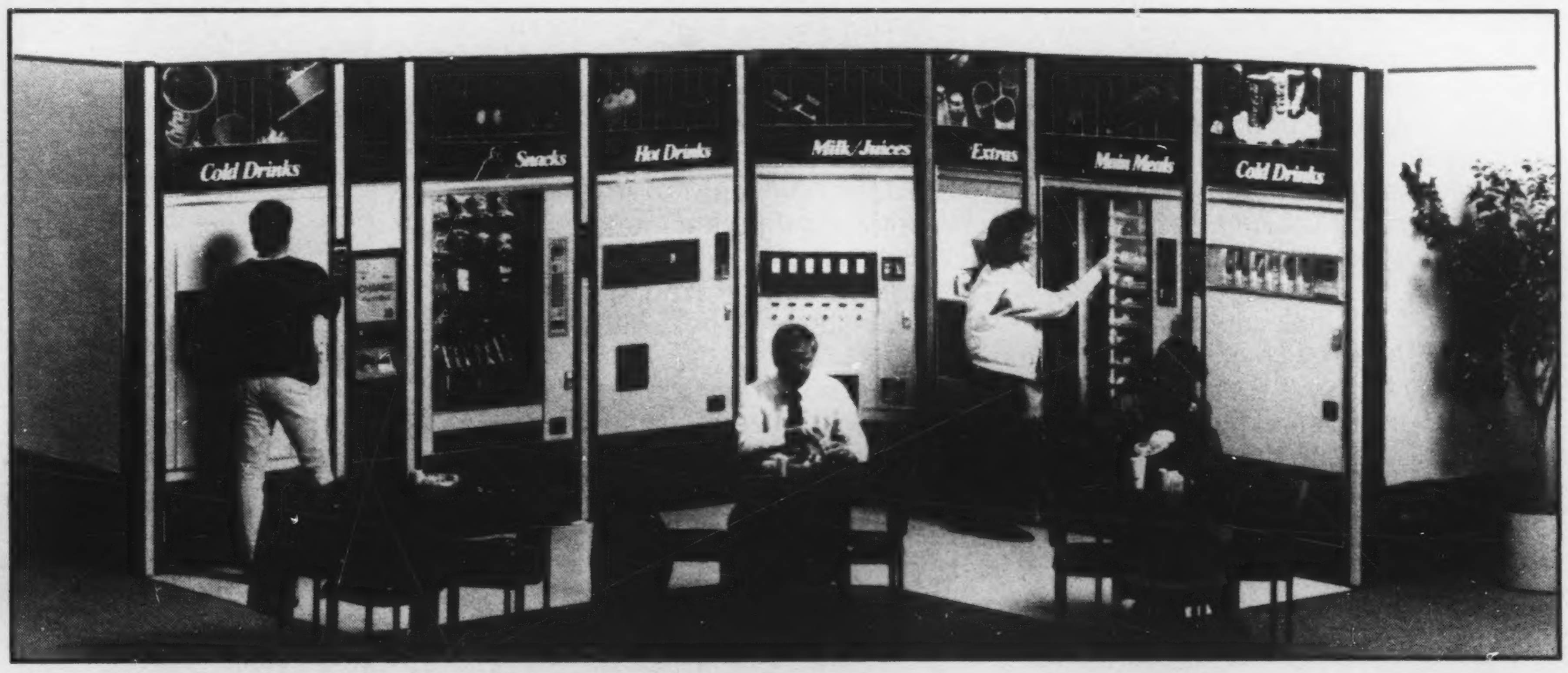
☐ Avoid too much fat, saturated fat and cholesterol

☐ Avoid too much sodium and sugar

☐ Eat food with adequate starch and fiber

☐ If you drink alcohol, do so in moderation

ARA services Classic Fare concept promo.



ARA Services Trendline concept of vending machine area.

Contract feeders try new concepts

(Continued from page F76)

stores selling everything from breakfast biscuits to pizza.

Marriott's fancy food courts are among the several new concepts, approaches, and programs being developed and rolled out by Top 100 contractors.

Prototype food court

The prototype Marriott food court in San Francisco, City Eats, seats 700 and is plushly carpeted and trimmed in blond woods, brass, neon, and glass. It will contribute more than $2 million—nearly three times the average account—to Marriott Food Service Management's estimated 1987 revenues of about $1.6 billion.

One Marriott official indicated the food courts, which merchandise retail items like salad dressings and wines, and have full-service bars and central kitchens, realize much healthier bottom lines than do traditional business and industry accounts.

City Eats, which Marriott took over three years ago under a management contract after the developer ran into problems, is the largest of the company's three operating food courts. It has 11 stations running the gamut from soup-and-salad bar to wok to soda fountain.

Marriott has reportedly created a division centered around the food-court concept and is working on deals to open up to seven more in swank retail malls or multi-tenant office complexes.

ARA launches catering concept

ARA has launched Classic Fare, a new catering division complete with its own logo, trucks, and specialized staff. Marketing vice president Hatch said Classic Fare is different from the catering arm of most contract feeders because it will pursue "community" business, such as weddings and golf-course functions.

The Classic Fare concept, he said, developed from the realization that ARA's vending commissary kitchens were underutilized and have borrowed ideas from the company's fine-dining restaurant division. Classic Fare is now operating in seven cities and plans to open in another 24 by the end of 1988, Hatch said.

One of ARA's other big pushes centers around its new modular system, which Hatch said permits smaller clients to economically add up to four-design and color-coordinated manual food-service stations. He said ARA has also started swapping successful marketing vehicles among the divisions, such as the "It's a Pizza" pizza-delivery program and fresh bagel carts from the college-feeding division, which are now appearing in industrial and health-care environments.

Working in the off season

In the human resources side of the business, Sportservice Corp., Delaware North's arena and stadium specialist, is continuing to develop its restaurant farm team.

Michael F. Thompson, Sportservice president, said his division is using three free-standing restaurants with annual sales from $450,000 to $950,000 to prepare managers for the rigors of high-volume sports work and keep them busy in the off-season. He said the restaurants, including an Art Deco cafe and casual dinnerhouse, are "a great source of additional revenues and good use of young management," adding, "As long as they are successful, I'll continue to add them."

> *ARA has launched Classic Fare, a new catering division complete with its own logo, trucks, and specialized staff.*

EIGHT OLIVE GARDENS OPEN IN SINGLE DAY

By Don Jeffrey

ABILENE, Texas — Driving into dusty Abilene, Ron Magruder looked in vain for the new Olive Garden that his company was opening the next day. He stopped at a convenience store and asked the clerk to direct him to the site of Fuddruckers, the restaurant that Olive Garden had bought and converted. She had no idea where it was. But when he said, "How about the Olive Garden?" she quickly brightened and said, "Oh, sure, it's right over the bridge and to the left."

For Texas cities like Abilene and Wichita Falls, which are still suffering from the collapse of the energy industry, the opening of a new restaurant was the biggest and most cheerful event in months. City VIPs stood elbow-to-elbow at preopening parties, local television stations conducted live on-premises broadcasts, and more than a thousand people applied for some 120 jobs.

And on the same day that the doors opened for business in those two places, six other Olive Gardens made their debuts around the nation. They were in Houston and Fort Worth, Texas; Fort Myers, Fla., Bakersfield, Calif.; Birmingham, Ala., and Warren, Mich. It was Memorial Day.

Eight openings in one day established a new record for Olive Garden's parent company, General Mills, according to Joe Lee, president of the conglomerate's restaurant subsidiary.

General Mills has committed $200 million to the growth of Olive Garden in the next three years. At presstime 56 units were open. The restaurants make money at the unit level, but high startup costs have kept overall profits down. The expenses incurred in opening eight units in one day seemed overwhelming.

The company flew hundreds of the most enthusiastic and hard-working employees of Olive Gardens around the country to the eight restaurants to train newly hired workers and create a camaraderie that made the training period seem like summer camp.

To keep spirits up, trainers and shirt-sleeved General Mills executives led new workers in singing the "Hospitaliano" song, a rousing Broadwaylike number that Olive Garden employees often sing to customers whenever spirits are low or tension high.

Just before the Fort Worth unit opened, manager Dennis Graham gathered his staff in the kitchen for an "alley rally," which sounded like a pregame pep talk. He said, "I know you're as excited as I am. Stay fired up. Stay feeling good about yourself. Stay proud." Everyone clapped and sang, and minutes later hostesses guided the first customers to their seats.

In addition to songs and smiles, Olive Garden customers are treated to an inexhaustible supply of freshly baked garlic breadsticks, the chain's signature item. The restaurants also feature a display booth where varieties of pasta are made. The menu consists of Northern and Southern Italian specialties.

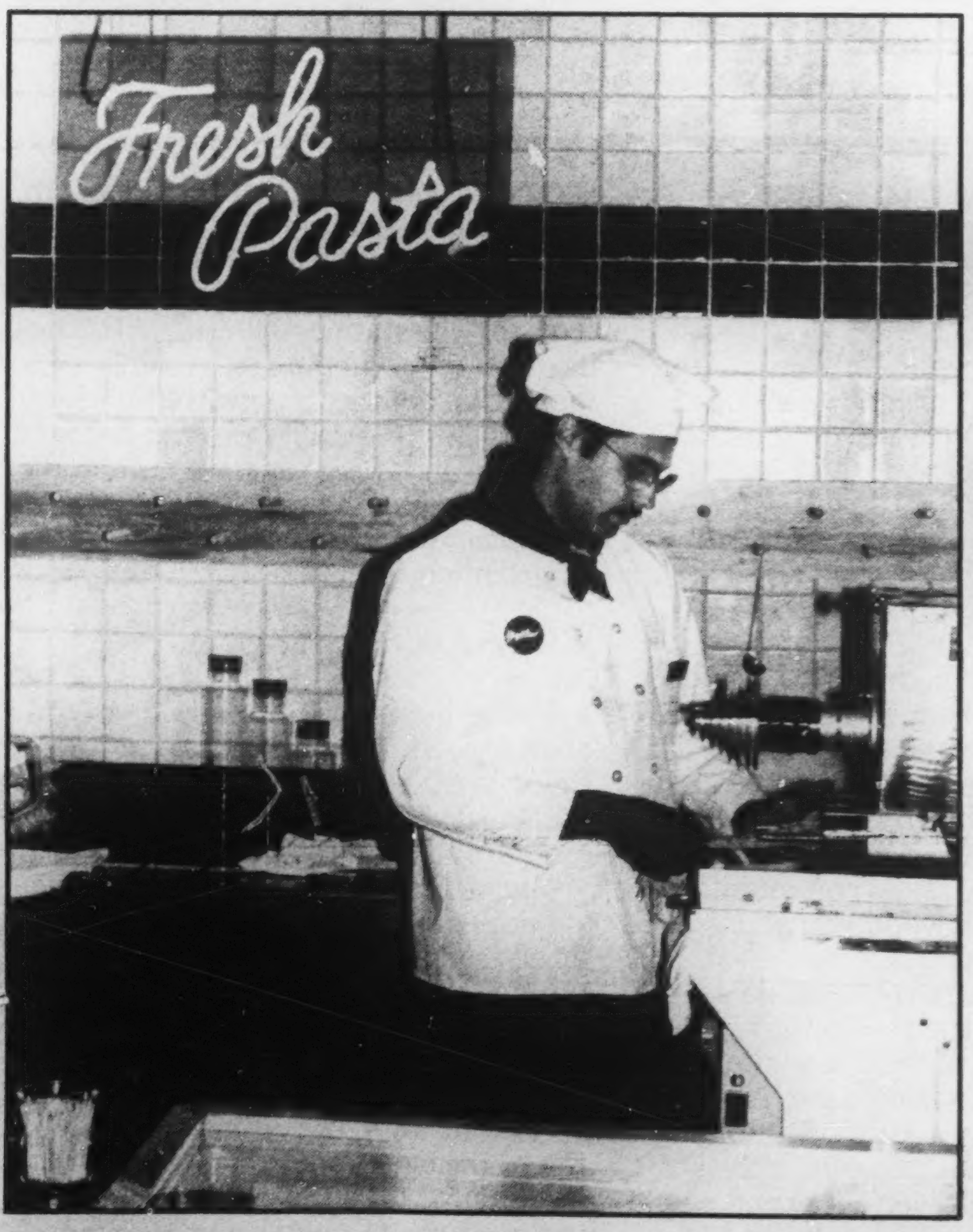
General Mills developed and fine-tuned this concept for several years before commmitting money to grow it. Executives and many industry observers believe Italian cuisine will become the next hot chain-restaurant segment.

Olive Garden president Magruder predicted the chain could become as large as the biggest General Mills restaurant concept, Red Lobster, which rings up $1 billion in annual sales from nearly 400 outlets in the United States.

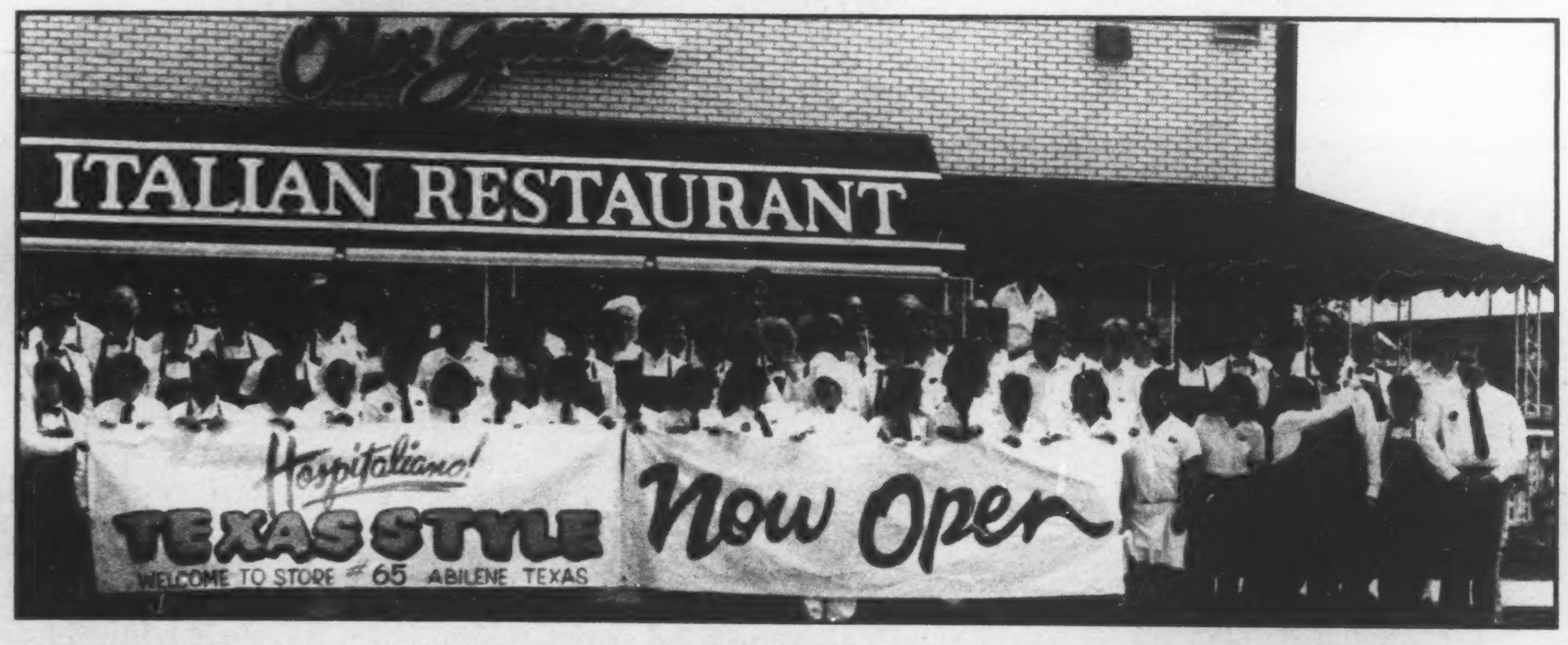
NRN Photos

Olive Garden president Ron Magruder leads employees in singing "The Hospitaliano Song" prior to opening the Fort Worth, Texas, restaurant.

Joe Lee, president of General Mills Restaurants, talks to Fort Worth employees on Olive Garden's opening day.



The Olive Garden in Fort Worth features a display booth where patrons can see pasta being made.



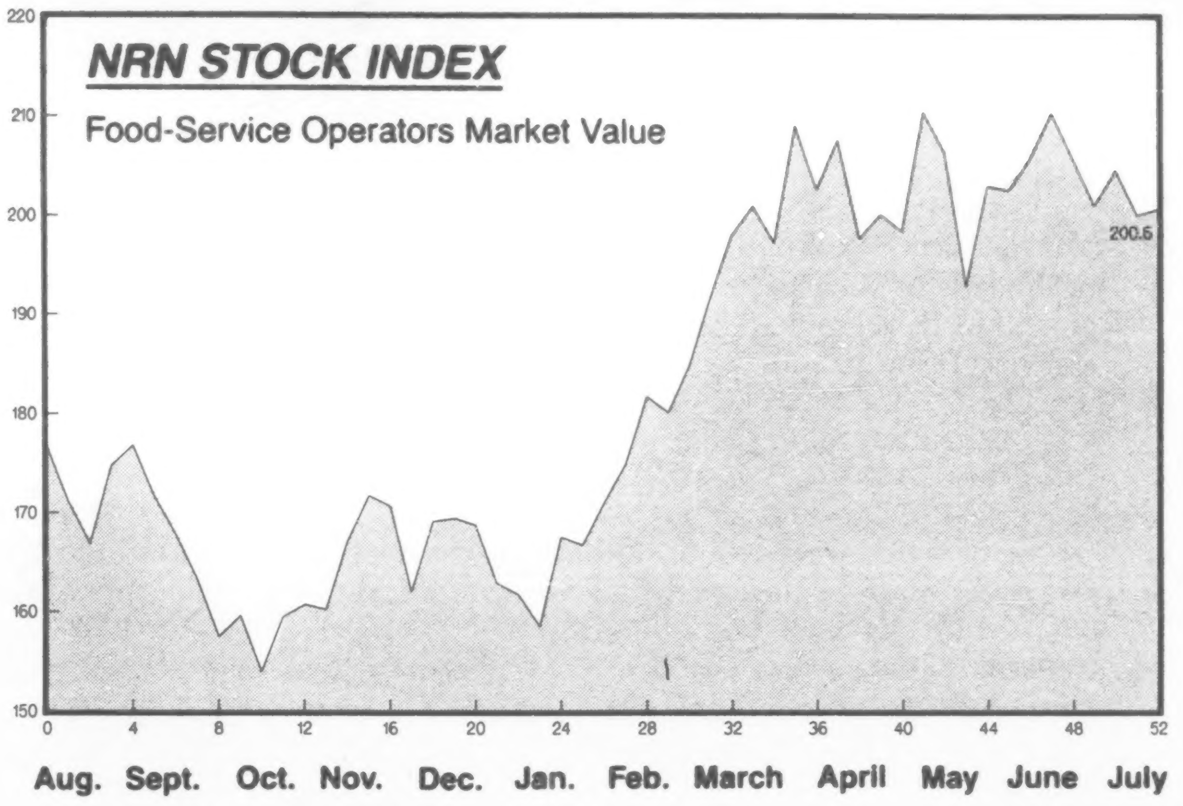
A Texas-style welcome is given by executives, trainers and employees at the Abilene unit.

> *For Texas cities like Abilene, still suffering from the collapse of the energy industry, the opening of a new restaurant was the biggest and most cheerful event in months.*

Steve Bach, muralist, details a wall scene in the Wichita Falls restaurant—the 50th unit he's worked on.

FINANCIAL NEWS

NOTES AND EXPLANATIONS: Market: N—New York Stock Exchange. A—American Stock Exchange. O—NASDAQ Over-The-Counter. M—NASDAQ National Market. **Reporting Period:** 3 mos.—First quarter of fiscal year. 6 mos.—First six months of fiscal year. 9 mos.—First nine months of fiscal year. fiscal—Fiscal year. NEW—New report since last issue. **General Field Footnotes:** NA—Not available or not applicable. NC—Data required for calculation currently incomplete in our files. NE—Negative earnings invalidate calculations. NM—No meaningful figure. a—stock dividend. b—cash plus stock dividend. **The Charts:** The *NRN* Stock Index calculates the per cent change in the market value of food-service operators since Oct. 28, 1983. The *NRN* Stock Index vs. Dow Jones Index calculates the relative performance of the two indexes from their levels of 52 weeks ago.



Source: Media General Financial Services

Oct. 28, 1983 = 100

VOLUME TREND LEADERS

Fast Food Oper	O	370.5	Rest Assoc B	A	143.5
Rusty Pelican	M	316.2	Am Restaurants	M	142.9
Consol Prods	M	209.1	Morgan's Food	A	134.6
Consul Rest	M	170.7	Ramada Inc	N	117.7
Bombay Palace	M	150.5	Intl Kings Tab	M	115.3

TOP PERCENTAGE PRICE GAINERS

Fast Food Oper	O	100.0	Winners Cp	N	11.1
Maverick Rest	M	25.0	Chefs Intl	O	10.0
Am Restaurants	M	16.7	Reynolds Metal	N	9.1
Lifestyle Rest	A	13.3	Ramada Inc	N	8.8
Intl Kings Tab	M	11.1	Bombay Palace	M	7.4

TOP PERCENTAGE PRICE LOSERS

Intl Multifood	N	- 16.8	SIS Cp	M	- 9.5
Capt Crab	M	- 11.1	El Pollo Asa	M	- 9.3
Pancho Mex Buffet	M	- 10.9	Marcus Corp	M	- 8.3
Swensens Inc	O	- 10.0	Prime Mtr Inns	N	- 7.6
Alco Standard	N	- 9.8	Castle & Cooke	N	- 7.1

All figures represent weekly percentage change

		STOCK PRICE							VOLUME				P/E	DIVIDENDS		
		Covering The Period 07/17/87 - 07/24/87														
					Change		52-Week							Indicated Dvd. Rate		
Name	Symbol	High	Low	Close	Amt	Pct	High	Low	Total Volume This Period	% Shrs. Out-standing	Average Daily Vol. Last 52 Week	Average Daily Vol. This Period	Latest P/E Ratio	Amt.	Yield	Last X-Dvd. Date
-	-	$	$	$	$	%	$	$	(100)	%	(100)	(100)	-	$	%	-
Restaurants - NRN Stock Index																
Am Restaurants	AMRS	.88	.75	.88	.13	16.67	3.00	.75	40	.17	6	8	NE	.00	.0	00-00-00
Ark Restaur	RK	4.75	4.50	4.63	.00	.00	9.50	3.25	249	.75	64	50	NE	.00	.0	00-00-00
Assoc Hosts	AHST	11.00	10.75	10.75	-.25	-2.27	11.25	8.00	778	1.72	92	156	NE	.12	1.1	06-09-87
Bob Evans Farms	BOBE	25.25	24.50	25.00	-.50	-1.96	27.25	18.00	738	.33	371	148	26.3	.28	1.1	08-03-87
Bombay Palace	CURY	7.25	6.25	7.25	.50	7.41	8.50	4.00	705	2.43	125	141	29.0	.00	.0	00-00-00
Burger Kg MLP	BKP	17.75	16.25	17.38	1.00	6.11	21.88	15.75	1,126	2.43	111	225	12.6	1.89	10.9	06-01-87
Calny Inc	CLNY	11.38	11.00	11.13	-.25	-2.20	12.13	6.75	1,421	3.00	443	284	NE	.16	1.4	07-29-87
Capt Crab	CRAB	.63	.50	.50	-.06	-11.11	1.13	.50	2,201	1.39	301	440	25.0	.00	.0	00-00-00
Chefs Intl	CHEF	.34	.31	.34	.03	10.00	.50	.09	575	.30	379	115	NE	.00	.0	00-00-00
Chi-Chi's	CHIC	7.88	7.63	7.88	.25	3.28	9.00	6.50	8,306	3.06	1,836	1,661	NE	.00	.0	09-28-83
Chili's Inc	CHLI	35.50	34.50	34.50	-.63	-1.78	36.00	18.75	467	.83	499	93	31.1	.00	.0	00-00-00
Churchs Fr Ch	CHU	11.75	11.38	11.63	.00	.00	14.63	9.50	14,806	3.96	1,892	2,961	46.5	.46	4.0	07-27-87
Collins Foods	CF	21.25	20.63	21.00	.25	1.20	23.38	14.13	2,388	1.08	578	478	15.9	.12	.6	06-22-87
Consol Prods	COPI	5.00	4.50	4.75	.25	5.56	5.00	2.63	224	.68	32	45	10.1	.10	2.1	08-27-87
Consul Rest	CNSL	1.50	1.25	1.25	.00	.00	3.13	1.00	2,185	4.06	144	437	NE	.00	.0	00-00-00
Cracker Barrel	CBRL	18.25	17.75	18.00	-.25	-1.37	19.00	9.66	72	.13	180	14	22.8	.10	.6	06-05-87
Cucos Inc	CUCO	2.25	2.25	2.25	.00	.00	3.75	2.00	15	.07	31	3	NE	.00	.0	00-00-00
Dunkin Donuts	DUNK	29.63	28.50	29.63	1.38	4.87	35.38	26.25	2,582	3.55	400	516	17.6	.32	1.1	08-10-87
El Chico	ELCH	5.63	5.25	5.38	-.13	-2.27	6.88	3.50	312	.67	153	62	NE	.00	.0	01-04-84
El Pollo Asa	EPAI	5.25	4.88	4.88	-.50	-9.30	8.13	4.63	422	1.13	186	84	69.6	.00	.0	06-25-85
Family Steak Hou	RYFL	8.50	8.13	8.25	-.38	-4.35	10.16	2.50	1,659	1.52	627	332	82.5	.00	.0	06-11-87
Famous Rest	FAMS	3.00	2.81	2.88	-.06	-2.13	3.06	1.69	809	1.35	222	162	NE	.00	.0	00-00-00
Fast Food Oper	POPI	.38	.22	.38	.19	100.00	.50	.16	1,223	2.07	55	245	NE	.00	.0	00-00-00
Foodmaker	JIB	13.88	13.13	13.63	.38	2.83	14.38	11.00	1,036	.83	NC	207	14.8	.00	.0	00-00-00
Frisch's	FRS	34.00	32.50	33.00	-.75	-2.22	40.66	28.75	128	.27	47	26	56.9	.22	.7	06-26-87
Fuddruckers Inc	FUDD	2.63	2.50	2.50	.00	.00	4.25	1.38	740	1.09	367	148	NE	.00	.0	00-00-00
Hambrg Hamlet	HAMB	5.50	5.50	5.50	.00	.00	6.75	4.00	29	.09	14	6	28.9	.00	.0	07-09-86
Intl Dairy Queen a	INDQA	32.75	31.75	32.25	-.25	-.77	34.50	22.00	665	.69	103	133	23.5	.00	.0	00-00-00
Intl Kings Tab	IKNG	20.00	18.75	20.00	2.00	11.11	26.50	14.00	2,076	7.17	246	415	21.5	.00	.0	09-11-84
JB Restaurant	JBBB	6.00	5.88	5.88	.00	.00	7.50	5.00	2,191	4.44	272	438	49.0	.00	.0	02-10-86
Jerrico Inc	JERR	21.75	21.50	21.50	-.25	-1.15	25.38	17.88	5,743	2.70	1,549	1,149	16.4	.16	.7	05-04-87
Kapok Cp	KPK	4.13	3.88	3.88	-.13	-3.13	5.13	2.00	111	.45	31	22	NE	.00	.0	00-00-00
Karcher Carl	CARL	26.63	26.38	26.63	-.38	-1.39	27.75	13.63	935	1.32	366	187	NE	.00	.0	02-16-83
Lifestyle Rest	LIF	1.06	.88	1.06	.13	13.33	1.75	.69	133	.23	71	27	NE	.00	.0	00-00-00
Luby's Cafe	LUB	30.75	29.88	30.38	-.38	-1.22	32.88	25.00	822	.45	181	164	23.7	.50	1.6	09-04-87
Marcus Corp	MRCS	17.75	16.00	16.50	-1.50	-8.33	18.75	13.44	157	.20	85	31	15.7	.22	1.3	07-13-87
Marriott Corp	MHS	38.50	37.00	37.50	-.88	-2.28	43.75	27.38	11,980	.91	3,213	2,396	24.4	.16	.4	06-26-87
Maverick Rest	MAVR	1.00	.94	.94	.19	25.00	1.88	.63	94	.19	34	19	NE	.00	.0	00-00-00
Max & Erma's	MAXE	2.50	2.50	2.50	.00	.00	2.63	1.25	12	.08	32	2	41.7	.00	.0	00-00-00
McDonald's Cp	MCD	53.88	51.25	53.63	1.13	2.14	57.94	36.94	34,991	1.83	7,135	6,998	21.0	.50	.9	07-23-87
McFaddin Ven	MV	1.00	.88	1.00	.06	6.67	4.75	.88	431	.81	50	86	NE	.00	.0	00-00-00
Morrison Inc	MORR	30.00	29.88	29.88	-.25	-.83	31.00	21.13	1,158	.81	490	232	19.9	.48	1.6	07-13-87
Morgan's Food	MR	2.13	1.88	2.13	.13	6.25	2.38	1.25	1,195	1.22	136	239	26.6	.00	.0	00-00-00
Jamco Inc	MSST	.88	.88	.88	.00	.00	1.25	.38	307	.64	145	61	NE	.00	.0	03-26-84
Nathans	NATH	8.38	8.25	8.25	.00	.00	8.50	4.00	13	.06	77	3	20.6	.07	.8	07-21-86
Natl Pizza	PIZA	18.13	17.75	18.00	-.38	-2.04	18.38	13.00	1,494	1.83	134	299	20.5	.00	.0	05-02-86
Old Fashion Fd	OFFI	6.25	5.75	5.75	-.25	-4.17	6.25	4.25	26	.19	26	5	13.7	.00	.0	00-00-00
Old Spag Wrehse	OSWI	7.50	7.25	7.50	.00	.00	7.50	3.25	203	1.35	47	41	NE	.00	.0	00-00-00
Pancho Mex Buffet	PAMX	13.88	12.00	12.25	-1.50	-10.91	15.75	9.50	381	.93	134	76	18.8	.13	1.1	08-29-86
Panteras Cp	PANT	14.63	13.63	14.50	-.13	-.85	15.25	5.00	3,148	5.61	354	630	48.3	.00	.0	06-12-84
Perkin Fam	PFR	10.88	10.13	10.63	.25	2.41	13.13	10.13	684	.68	NC	137	24.1	.85	8.0	06-24-87
Piccadilly Caf	PICC	20.25	19.75	20.25	.25	1.25	25.75	18.75	73	.08	163	15	32.7	.48	2.4	06-08-87
Pizza Inn	PZA	18.75	17.25	18.25	.00	.00	19.25	8.75	488	1.47	203	98	NE	.08	.4	07-21-86
Po-Folks	POFO	3.88	3.50	3.75	-.25	-6.25	7.38	2.38	369	.83	121	74	NE	.00	.0	00-00-00
RAX Restaurants	RAXR	5.25	5.00	5.00	-.13	-2.44	7.38	4.63	468	.67	145	94	NE	.00	.0	00-00-00
Rest Assoc B	RAB	10.88	10.38	10.88	.13	1.16	11.88	8.13	347	1.12	28	69	8.8	.30	2.8	03-09-87
Rest Mgmt	RESM	10.25	10.00	10.00	.00	.00	11.88	7.25	478	1.14	111	96	20.4	.07	.7	07-02-87
Restec	RTEC	2.75	2.75	2.75	.00	.00	3.00	2.75	4	.02	6	1	NE	.00	.0	00-00-00
Ritzys G D	RITZ	1.06	1.00	1.00	.00	.00	1.75	.88	423	.69	59	85	NE	.00	.0	11-25-83
Rudy's Restaurant	RUDY	4.50	4.25	4.25	.00	.00	6.13	3.50	45	.13	47	9	60.7	.00	.0	00-00-00
Rusty Pelican	RSTY	8.63	8.38	8.63	.25	2.99	10.00	5.00	1,962	6.95	167	392	53.9	.00	.0	00-00-00
Ryans Family	RYAN	14.00	13.50	13.75	-.38	-2.65	14.63	6.66	9,784	1.88	3,579	1,957	50.9	.00	.0	05-21-87
Sandwich Chef	SHEF	7.25	7.00	7.00	-.25	-3.45	8.88	5.25	224	1.80	34	45	NE	.00	.0	00-00-00
Sbarro Inc	SBA	22.75	21.75	21.88	-1.00	-4.37	24.75	11.00	673	.77	143	135	35.9	.00	.0	07-11-86
Sea Galley	SEAG	2.50	2.38	2.50	-.13	-4.76	3.50	1.88	291	1.00	124	58	NE	.00	.0	06-02-81
Shoney's Inc	SHON	29.13	28.50	29.13	-.13	-.43	33.25	24.00	3,635	1.00	1,083	727	23.7	.16	.5	06-12-87
Shoney's South	SHNS	13.13	13.13	13.13	.13	.96	15.50	10.50	655	.91	258	131	19.0	.00	.0	10-02-84
SIS Cp	SISB	4.75	4.75	4.75	-.50	-9.52	8.00	4.25	66	.43	20	13	NE	.00	.0	00-00-00
Sizzler Rest	SIZZ	20.00	19.50	19.50	.00	.00	23.25	13.75	637	.37	516	127	24.4	.00	.0	09-17-86
Skippers	SKIP	8.25	7.75	7.88	-.38	-4.55	10.00	7.38	192	.70	53	38	NE	.08	1.0	04-03-87
So Hospitality	SHOS	2.38	2.25	2.38	.13	5.56	4.38	2.13	385	.77	91	77	NE	.00	.0	00-00-00
Stuff Yer Face	STUF	.16	.16	.16	.00	.00	.25	.13	144	.09	67	29	NE	.00	.0	00-00-00
Swensens Inc	SWEN	1.13	1.00	1.13	-.13	-10.00	1.38	.63	323	.72	32	65	NE	.00	.0	00-00-00
Sybra Inc	SIBR	13.50	13.00	13.25	.25	1.92	13.50	10.00	69	.34	22	14	11.3	.00	.0	00-00-00
Taco Villa	TVLA	3.75	3.25	3.75	.25	7.14	4.25	2.00	78	.09	14	16	NE	.00	.0	00-00-00
Taco Viva	TVIV	1.63	1.38	1.63	.00	.00	2.75	1.00	152	.46	45	30	NE	.00	.0	04-01-85
TGI Friday's	TGI	9.38	9.13	9.25	.13	1.37	10.75	6.50	308	.27	172	62	54.4	.00	.0	00-00-00
TCBY Enterprises	TCBY	15.00	14.00	14.75	.75	5.36	19.34	10.50	6,997	2.70	1,635	1,399	36.9	.00	.0	04-27-87
TW Services	TW	19.63	18.50	18.75	-.13	-.66	19.63	14.13	12,332	2.54	NC	2,466	60.5	.05	.3	05-11-87
Twistee Treat	TWST	2.19	2.13	2.19	.00	.00	4.38	1.94	2,465	1.37	838	493	NE	.00	.0	00-00-00
Two Peso	PESO	11.00	10.25	10.63	-.38	-3.41	12.75	7.50	348	.51	NC	70	NM	.00	.0	00-00-00
Uno Restaurant	UNO	10.13	9.63	9.75	-.25	-2.50	11.00	8.13	483	1.38	NC	97	27.1	.00	.0	00-00-00
USACafes	USF	9.38	8.75	9.00	.00	.00	10.50	6.50	353	.54	155	71	10.5	.89	9.9	06-24-87
Vicorp Restaurants	VRES	10.25	10.00	10.25	.13	1.23	17.13	9.50	2,180	2.55	681	436	NE	.00	.0	07-09-86
Wendys Intl	WEN	10.88	10.13	10.25	-.75	-6.82	14.25	9.00	10,362	1.09	4,160	2,072	NE	.24	2.3	05-05-87
Wstn Steer	WSMP	13.50	12.75	13.25	.25	1.92	13.50	8.81	525	2.81	65	105	18.7	.16	1.2	07-16-87
Winners Cp	WNR	3.75	3.38	3.75	.38	11.11	4.88	2.63	214	.53	83	43	NE	.00	.0	03-10-83
Hotels, Motels, and Casinos																
Brock Hotel	BHC	8.88	8.50	8.88	.13	1.43	11.38	7.50	650	.99	154	130	NE	.00	.0	06-26-86
Club Med	CMI	25.38	24.50	24.50	-.50	-2.00	29.25	21.25	835	.61	129	167	18.4	.20	.8	01-29-87
Golden Nugget	GNG	13.50	12.25	12.88	.00	.00	13.88	9.13	19,226	5.58	1,667	3,845	3.4	.00	.0	07-18-83
Hilton Hotels	HLT	88.00	84.25	84.50	-3.75	-4.25	91.75	63.25	1,026	.41	562	205	19.4	1.80	2.1	06-01-87
Holiday Cp	HIA	28.38	26.25	28.13	.88	3.21	28.38	11.63	9,640	4.12	NC	1,928	NA	.00	.0	00-00-00
La Quinta Inns	LQM	14.38	13.88	13.88	-.38	-2.63	14.63	11.25	531	.39	427	106	33.0	.00	.0	02-09-82
Prime Mtr Inns	PDQ	43.00	39.63	39.75	-3.25	-7.56	46.50	24.50	4,028	1.37	1,080	906	24.4	.08	.2	06-26-87
Ramada Inc	RAM	9.63	8.25	9.25	.75	8.82	9.63	6.00	27,408	6.90	2,213	5,482	34.3	.00	.0	10-19-81
Resorts Intl A	RTA	62.63	59.50	62.00	2.38	3.98	66.00	42.75	1,656	2.92	396	331	NE	.00	.0	00-00-00
Servico Inc	SRVI	17.00	15.75	15.75	-.25	-1.56	22.25	15.75	99	.26	40	20	NM	.00	.0	08-01-85
Sonesta Intl	SNSTA	17.13	17.13	17.13	.00	.00	22.00	11.00	0	.00	6	0	2.7	.20	1.2	06-08-87
Utd Inns	UI	36.13	35.38	36.13	.75	2.12	46.00	32.38	58	.22	46	12	NE	.00	.0	08-25-86
Other Cos - Food-Service Oper.																
Allegheny Bev	ABEV	13.75	13.38	13.63	.13	.93	15.50	4.75	1,955	2.38	1,033	391	NE	.00	.0	10-14-86
Benihana Natl	BNHN	4.25	3.88	4.13	.00	.00	9.00	3.38	257	.75	132	51	NE	.00	.0	00-00-00
Disney Walt Co	DIS	71.50	67.88	70.63	.13	.18	73.25	36.00	17,952	1.37	4,828	3,590	28.3	.32	.5	06-01-87
Flanigan Ents	QBDL	5.75	5.63	5.63	-.25	-4.26	6.75	3.50	8	.09	10	2	43.3	.00	.0	00-00-00
Gen Mills	GIS	55.00	52.25	53.38	-1.63	-2.95	58.88	37.38	10,141	1.15	2,850	2,028	21.4	1.60	3.0	07-06-87
Grace W R	GRA	66.50	64.63	65.38	.38	.58	69.00	45.25	6,784	1.61	2,472	1,357	NE	2.80	4.3	07-31-87
Hershey Foods	HSY	28.00	26.38	26.88	-1.13	-4.02	29.88	21.00	4,717	.52	1,717	943	18.0	.54	2.0	05-18-87
Horn & Hardart	HOR	12.00	11.13	11.75	.00	.00	19.25	10.63	3,131	2.18	1,240	626	NE	.00	.0	08-15-84
LDBrinkman Cp	LDBC	6.75	6.38	6.50	.13	1.96	7.75	4.88	1,580	2.63	326	316	28.3	.00	.0	00-00-00
Ogden Corp	OG	35.25	32.88	34.63	-.63	-1.77	36.63	18.69	3,872	1.00	1,800	774	11.1	1.00	2.9	09-08-87
Orange Julius	OJAYE	3.38	3.00	3.13	.13	4.17	8.25	2.63	264	1.50	41	53	NE	.00	.0	00-00-00
PepsiCo Inc	PEP	39.13	38.00	38.63	-.75	-1.90	39.75	24.50	41,036	1.58	8,304	8,207	22.1	.68	1.8	09-04-87
Pillsbury Co	PSY	47.25	43.75	46.38	2.13	4.80	47.25	32.44	14,483	1.68	2,873	2,897	22.1	1.00	2.2	07-28-87
RJR Nabisco	RJR	59.38	56.38	59.38	1.63	2.81	65.63	44.88	31,579	1.26	6,818	6,316	13.7	1.92	3.2	08-04-87
Southland Corp	SLC	77.50	75.88	76.00	-1.75	-2.25	80.25	44.00	35,770	7.41	3,900	7,154	12.0	.00	.0	05-26-87
Vie de France	VDEF	5.88	5.63	5.63	.00	.00	6.50	4.63	188	.18	194	38	56.3	.23	4.1	06-22-87
Manufacturers and Distributors																
Alco Standard	ASN	29.25	25.88	26.38	-2.88	-9.83	30.00	18.50	4,692	1.08	629	938	18.3	.64	2.4	06-29-87
Angelica	AGL	28.50	27.25	27.38	-1.13	-3.95	29.50	22.00	154	.17	170	31	14.7	.72	2.6	06-09-87
Anheuser Bu	BUD	36.38	34.63	35.25	-.50	-1.40	36.63	22.94	26,508	.99	6,873	5,302	19.8	.60	1.7	08-04-87
Borden Inc	BN	57.88	56.63	56.63	-1.50	-2.58	63.63	40.00	6,686	.91	1,721	1,337	18.2	1.28	2.3	05-04-87
Bridgford Fds	BRID	12.38	11.75	12.38	.13	1.02	12.38	5.50	58	.46	5	12	12.5	.00	.0	06-04-82
Campbell Soup	CPB	63.88	62.63	62.63	-.88	-1.38	70.75	52.75	2,413	.37	937	483	18.0	1.44	2.3	06-30-87
Canandaigua B	CDGB	16.38	15.88	16.00	.25	1.59	38.50	14.50	106	.56	17	21	14.4	.00	.0	00-00-00
Castle & Cooke	CKE	26.25	24.38	24.63	-1.88	-7.08	26.50	15.25	3,047	.65	1,430	609	44.0	.00	.0	09-03-82
Clorox Co	CLX	32.25	30.50	32.25	1.38	4.45	33.75	22.50	7,243	1.36	1,576	1,449	16.7	.88	2.7	07-27-87
Coca Cola Co	KO	47.25	45.38	47.00	.00	.00	49.00	32.88	47,589	1.26	8,766	9,518	18.0	1.12	2.4	09-09-87
Coors, Adolph	ACCOB	24.50	23.88	24.38	.13	.52	30.88	21.63	7,780	2.14	1,515	1,556	18.8	.50	2.1	01-26-87
ConAgra	CAG	31.00	29.00	30.38	-.63	-2.02	34.00	24.81	10,734	1.62	1,632	2,147	16.4	.58	1.9	07-20-87
Corning Glass	GLW	68.50	62.63	66.38	3.13	4.94	68.50	46.63	13,357	2.88	1,911	2,671	19.5	1.40	2.1	08-31-87
CPC Intl Inc	CPC	55.38	50.50	54.25	1.25	2.36	58.00	28.25	15,745	1.92	5,891	3,149	13.3	1.24	2.3	03-25-87
Dean Foods	DF	36.50	35.25	35.50	-.50	-1.39	38.50	25.13	665	.25	339	133	23.2	.54	1.5	05-18-87
Doskocil Cos	DOSK	9.75	9.75	9.75	.00	.00	15.63	8.75	304	.50	70	61	65.0	.00	.0	04-21-87
Ecolab Inc	ECL	29.25	28.50	28.50	-.13	-.44	31.50	20.75	1,810	.67	924	362	17.4	.58	2.0	06-17-87
Fleming Cos	FLM	39.50	38.00	38.38	-1.13	-2.85	45.88	31.00	1,863	.85	534	373	21.2	1.00	2.6	08-14-87
Fort Howard	FHP	54.50	52.13	54.25	-.75	-1.36	59.00	42.88	6,370	.95	1,392	1,274	25.0	1.08	2.0	06-29-87
Heinz, HJ	HNZ	48.50	47.00	47.50	-.25	-.52	50.50	38.25	9,361	.72	2,456	1,872	19.2	1.12	2.4	06-16-87
Hormel, George	HRL	25.50	24.63	24.75	-.38	-1.49	25.50	14.81	793	.10	202	159	24.0	.30	1.2	07-13-87
Intl Multifood	IMC	38.88	32.13	32.13	-6.50	-16.83	39.25	22.50	6,751	4.66	515	1,350	8.4	1.18	3.7	06-22-87
James River	JR	33.38	31.13	31.88	-1.75	-5.20	43.75	25.00	10,720	1.30	3,145	2,144	15.7	.40	1.3	07-17-87
Kellogg	K	64.63	60.50	60.75	-4.13	-6.36	68.75	42.25	6,955	.56	1,823	1,391	21.6	1.36	2.2	05-28-87
Kraft Inc	KRA	61.13	58.25	58.75	-2.25	-3.69	65.00	47.13	12,152	.90	3,646	2,430	22.6	1.88	3.2	05-12-87
Litton Ind	LIT	104.50	99.00	99.25	-4.00	-3.87	108.00	71.75	3,647	1.42	914	729	20.3	.00	.0	05-21-85
Manitowoc	MANT	21.00	20.75	21.00	.25	1.20	21.00	16.00	2,283	2.10	416	457	NE	.80	3.8	05-26-87
McCormick	MCCRK	49.00	48.75	48.75	.13	.26	49.00	39.00	687	.57	434	137	17.5	1.00	2.1	06-17-87
Oneida Ltd	OCQ	17.25	16.50	16.75	-.25	-1.47	17.91	7.91	452	.53	196	90	NE	.40	2.4	07-15-87
Philip Morris	MO	96.88	94.25	95.88	-1.00	-1.03	98.75	63.00	34,184	1.44	8,128	6,837	11.2	3.00	3.1	06-09-87
Proct & Gambl	PG	93.88	90.75	92.00	-3.00	-3.16	99.38	65.88	12,995	.77	3,659	2,599	20.2	2.70	2.9	07-20-87
Quaker Oats	OAT	52.00	48.75	51.25	-.88	-1.68	57.63	32.63	8,986	1.14	2,333	1,797	16.4	.80	1.6	06-17-87
Ralston Purina	RAL	85.50	82.50	84.88	1.38	1.65	89.13	60.00	16,829	2.21	1,953	3,366	15.7	1.24	1.5	07-28-87
Reynolds Metal	RLM	52.75	47.75	52.50	4.38	9.09	52.75	19.25	28,562	6.49	3,221	5,712	12.1	.60	1.1	07-02-87
Rykoff-Sexton	RYK	29.13	28.13	29.00	.50	1.75	30.88	22.13	1,023	1.47	200	205	25.4	.60	2.1	06-29-87
Rymer Co	RYR	18.25	17.75	18.00	.25	1.41	24.13	15.38	149	.48	44	30	NE	.00	.0	04-30-84
Sara Lee	SLE	44.38	42.38	43.50	-1.25	-2.79	49.13	29.25	9,400	.88	2,433	1,880	18.9	1.00	2.3	08-26-87
Scott Paper	SPP	75.88	74.00	75.63	-.38	-.49	82.50	54.75	5,533	1.52	1,183	1,107	14.6	1.36	1.8	05-22-87
Shelby Wms	SY	19.38	18.25	18.50	-.75	-3.90	21.00	14.38	336	.33	365	67	20.1	.24	1.3	07-27-87
Smucker, J.M.	SJM	50.75	49.50	50.75	.75	1.50	52.38	37.25	323	.44	63	65	21.1	.72	1.4	08-12-87
Staley Cont	STA	28.00	26.88	26.88	-1.13	-4.02	34.63	23.63	2,809	.97	1,639	562	19.2	.80	3.0	08-11-87
Sysco Corp	SYY	37.88	35.50	36.25	-.88	-2.36	39.00	26.25	1,028	.23	672	206	25.9	.28	.8	07-27-87
Tyson Food Inc	TYSN	18.88	18.25	18.88	-.75	-3.82	23.25	15.00	17,938	4.21	1,775	3,588	20.3	.04	.2	04-16-87
Welbilt Cp	WELB	32.50	32.00	32.00	-.50	-1.54	32.50	18.50	127	.24	122	25	15.4	.00	.0	00-00-00
Wilson Foods	WILF	9.63	9.38	9.63	.00	.00	12.38	8.88	2,854	2.94	775	571	11.1	.00	.0	00-00-00

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NEWSPAPER

MS. JEANNE LONG
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Performance Y

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Food costs, traffic falloffs stun down-home segment

By Karen Bruno

Stung by high food costs and dwindling traffic counts, down-home chains, once considered the next wave of family-priced restaurants, are going through a severe shakeup.

Chains like Po Folks, Zackly's, and Hatfields N' McCoys are clearly struggling. Only a few, including Cracker Barrel Old Country Store and The Black-eyed Pea, are emerging as standouts.

Down-home chains, known for their mountainous portions of Southern, country-style cooking priced at about $5 a person and served in a rustic or homey setting, are facing a dilemma: Trim portion sizes to bring food costs into line or risk losing volume by raising prices.

"It's been rough. There is no reason to believe in an upturn," said Jerrel Walker, president of Hatfields N' McCoys, a three-year-old, Gainesville, Fla.-based chain

*(See **DOWN-HOME**, page 90)*

Change rocks Southern chains

Po Folks Inc. to sell Wendy's franchise in management buyout.

Mrs. Winner's Chicken & Biscuits to convert units to Southern Cafe.

Page 3

NRN Photo

Atlantic Grill owner-manager Jack Elia.

Atlantic Grill hooks Boston office workers

By Ken Frydman

BOSTON — A $2 million renovation of the historic Hotel Essex's first floor has yielded the Atlantic Grill, a new upscale seafood restaurant catering to the city's downtown business crowd.

The 11,500-square-foot space has been redesigned to incorporate two dining rooms a new kitchen, a lobby waiting area, and a lounge-bar completely restored to conform to conditions mandated by the National Register of Historic Buildings. The Atlantic Grill, at 695 Atlantic Ave., seats 220 for dinner, 70 in the bar.

In constructing the Atlantic Grill, general manager and principal owner Jack Elia and his partners integrated their

*(See **ATLANTIC**, page 94)*

Tapping a new labor force

Food-service industry urged to hire the elderly

By Rick Van Warner

WASHINGTON — Effectively recruiting and retaining older workers will be crucial if restaurant companies are to overcome a growing labor shortage, some 250 food-service executives were told at a two-day conference here.

Attributes of older workers were lauded, and some common myths were destroyed during the "Experience at Work" conference, which was sponsored by Kentucky Fried Chicken Corp. and jointly presented by the National Restaurant Association and the American Association of Retired Persons.

Speakers, who included Helen Hayes, Art Linkletter, corporate food-service executives, and experts in training and placement, all urged attendees to tap the growing supply of older workers.

"Older employees are highly productive, responsible, punctual and motivated," said Olden Lee, KFC senior vice president, human resources. "They're

*(See **OLDER**, page 94)*

nploying The Ol
The Food Servic

NRN Photo

Art Linkletter addresses conference.

Flakey Jake's exits Chapter 11

New co-owner Doolin says he plans slow, careful rebuilding

By Alan Liddle

BELLEVUE, Wash.— Wallace Doolin, new co-owner of Flakey Jake's, a pioneer of the so-called gourmet hamburger business, foresees a slow and careful rebuilding of the chain that recently emerged from bankruptcy.

But the nearly 1,000 unsecured creditors of the four-year-old chain see only the prospect of recovering pennies on the dollar owed to them by the chain. Flakey Jake's owed them $15 million to $20 million before it filed for bankruptcy.

"In the worst-case scenario, we could see the unsecured creditors getting nothing," said Rod McAulay, attorney for the unsecured creditors.

However, he added, slim as the settlement seems to be, "we've squeezed about as much out of this [company] as we could. In your big Chapter 11 cases you've got more to play with. In this one we were basically down to six stores in Southern California and big fixed debt."

A U.S. Bankruptcy Court judge gave Doolin, Flakey Jake's president since October, and partner Robert Kaltenbach, its vice president of operations, all of the company's remaining major assets, including six company stores in the Los Angeles market; the company's trademarks

*(See **FLAKEY**, page 94)*

'We've squeezed about as much out of this company as we could.'

—Rod McAulay, creditors' attorney

FOOD WATCH

A Blizzard of imitators

If imitation truly is the sincerest form of flattery, Dairy Queen must be blushing.

The phenomenal success of the fast feeder's Blizzard—a blend of soft-serve ice cream and mixed-in sweets—has spurred a host of chains to introduce their own versions, making the frozen treat one of the hottest products of this summer.

Old Country Buffets has a Frozen Flurry, which features mixed-in Butterfinger, M&M's, and Heath Bar candies. Burger King offers its Spooner, an 8-ounce serving of vanilla milk shake topped with either crumpled cookies or strawberries. Wendy's presents a Frost Bite. Arby's is testing a 16-ounce version. Hardee's executives refer to theirs, somewhat cumbersomely, as "soft-serve-ice-cream-with-mixed-in-treats."

Despite all the activity, it remains to be seen if sales melt after the hot days of summer have passed.—Peter J. Romeo

MAYNARD TO ADDRESS MUFSO — Page 2. FULL MUFSO SCHEDULE — Page 60.

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Solve the labor crisis

Everyone talks about the labor crisis and the shortage of quality employees in all age groups. But how many people do anything about it?

If you have a solution that has worked or an idea on how to improve the situation, please send your views to Labor Crisis Editor, *Nation's Restaurant News*, 425 Park Avenue, New York, N.Y. 10022. Your views will be published.

NEWS DIGEST

Pantera's shifts management after acquiring Pizza Inn

ST. LOUIS — Pizza Inn chairman F.J. Spillman has stepped back from day-to-day operations following the 700-unit chain's acquisition by Pantera's Corp., a 156-store former rival.

Pantera's president R.E. Smith was reassigned operational responsibility for Pizza Inns. He, in turn, has surrendered stewardship of Pantera's to David McCracken, a vice president of that chain. He and Smith will report to Pantera's Corp. chairman Jack Harris.

Spillman will serve with Smith and Harris on an executive steering committee.

Jerrico to buy 61 units from Long John licensee

LEXINGTON, Ky. —Jerrico Inc., operator of the 1,400-unit Long John Silver's fast-food fish chain, said it has agreed to acquire 61 units for about $27.4 million from an unidentified franchisee.

Most of the units are located in Pennsylvania and Virginia, Jerrico said.

County orders food handlers to don protective gloves

SYRACUSE, N.Y. — Following a local outbreak of hepatitis, the health department of Onandaga County, N.Y., has ordered restaurant employees who handle food to wear plastic gloves on the job for two months.

Servers are affected only in situations where meals are prepared tableside.

Some 45 Syracuse residents, including five restaurant employees, had contracted hepatitis A before the gloves order.

Pyles, Dayton tap Kostroski to operate Twin Cities outlets

Kostroski

MINNEAPOLIS — Stephen Pyles and John Dayton, co-owners of Dallas' acclaimed Routh Street Cafe and Baby Routh restaurants, have hired local food-service veteran Wayne Kostroski to oversee two dining places planned for a retail complex here.

Kostroski was previously director of operations for Restaurant Resource Group, which runs such local places as Figlio's, Muffuletta, and Pronto Ristorante.

Big Boy opens Express unit at chain's first downtown site

WASHINGTON — Marriott Corp. has opened a Bob's Big Boy coffee shop here featuring a separate take-out-only section called Big Boy Express.

The new Bob's Big Boy, which was converted from a Howard Johnson, is the first unit Marriott has opened in the downtown area of a major city, the company said.

As such, the new Washington unit serves a clientele more upscale than that of most Big Boys, according to manager Ed Salizar. No other unit features a separate take-out section.

Index up 5.1 points

5.1

NEW YORK — The *Nation's Restaurant News* index of 86 food-service stocks gained 5.1 points in the week ended July 31, closing at 205.7.

Price-advancers on the full, 159-issue *NRN* listing outnumbered losers 93 to 45, with 21 unchanged. Meanwhile, the Dow Jones Industrial Average rose 86.74, ending the week at a new high of 2572.07.

Among the week's big winners: Two Pesos, Holiday Corp., Hamburger Hamlets, Rudy's Restaurants, and TW Services. On the downside: Maverick Restaurants, Taco Viva and Fuddruckers.

(See stocks table, page 93)

Allegheny wins $4.5M suit stemming from track blaze

CHEVERLY, Md. — A jury has awarded Allegheny Beverage Corp. $4.5 million in damages and compensation for a 1985 racetrack fire that destroyed concessions operated by Service America, Allegheny's contract feeder.

Allegheny brought the lawsuit against its insurer, The Hartford Insurance Group, after the carrier refused to pay for losses incurred in the Arlington Heights, Ill., blaze. Hartford argued Allegheny had not listed the racetrack on the list of installations to be insured.

Judge dismisses suit against festival surcharge

CHICAGO — A judge has dismissed a lawsuit charging the city with levying an illegal tax in the form of a 50-cent surcharge on food coupons sold at the recent Taste of Chicago food festival.

The extra 50 cents included in the $6 cost of each book of 11 food tickets was added for the first time this year to cover the city's expenses of maintenance, police protection, ticket selling, and services for the handicapped. The city collected some $760,000 from the surcharge alone.

A Taste of Chicago visitor filed the class-action suit.

Golden Corral franchises in 1st phase of growth drive

RALEIGH, N.C. — In an effort to step up expansion, the 500-unit Golden Corral self-service steak house chain said it had launched a franchising program by signing an area development agreement allowing 30-unit Kentucky Fried Chicken franchisee David White of Wilmington, Del., to build new stores in Wilmington and Albany, N.Y.

In another disclosure, Golden Corral said it would establish a $100,000 fund to make interest-free education loans to hourly employees attending two-year and four-year colleges. The loans would be forgiven when the graduates return to work full-time.

Compiled from staff and wire reports

Maynard to deliver MUFSO speech

MUFSO '87

NEW YORK — James Maynard, long-time chairman and chief executive of the diversified Golden Corral Corp., Raleigh, N.C., will give the concluding keynote address at 12:30 p.m. Wednesday, Sept. 30, at Nation's Restaurant News' 28th annual Multi-Unit Food Service Operators (MUFSO) conference in the Century Plaza Hotel, Los Angeles.

Maynard, one of six 1987 Golden Chain Operators of the year, is best known for developing a successful "piece of the action" program for managers' partial ownership of Golden Corral Steak Houses.

He will speak on "People Development in Tomorrow's New Environment."

Maynard

Other headlined speakers at the conference, themed "Winning Tomorrow's Customer," will be Al Ries of Trout & Ries Advertising, speaking on "The Future of Marketing Warfare," and Dr. Roger Blackwell of Ohio State University, discussing "How to Grow Profits in an Era of Slower Growth Markets."

MUFSO details and registration information are available from NRN's MUFSO coordinator, Chris Hernandez, at (212)371-9400, extension 283 or 282.

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THE TOP 100
HOT DOG
FAST FOOD
BURGERS
CHICKEN

CHAIN ANALYSIS: PART 2

PERFORMANCE YARDSTICKS

A look at market value, revenue change, earnings per share, profitability, return on equity and return on assets.

VIEWPOINT this week

Rankin: Food-service industry will 'pay the price' if tax increases pass

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Letters: Manager motivation depends on respect from the upper echelon

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RESTAURANT GROWTH SLOWS DRAMATICALLY

Real sales growth has been sluggish and average unit volumes have sunk, yet last year's standouts, in most cases, are this year's winners

By Don Jeffrey

Growth in sales and profitability in the restaurant industry slowed dramatically in the past year, according to the *Nation's Restaurant News* performance yardsticks.

In all categories used to measure the health of restaurant companies, overall performance was lower than in the year before.

But companies that were standouts in last year's rankings wound up in most cases as winners again this year, proving that good management breeds consistency. TCBY Enterprises, the franchisor of yogurt shops, headed the overall-performance chart for the second consecutive year.

For the 85 public restaurant companies surveyed here, the median annual rise in revenue was 10.4 percent, a decline from last year's 14.5-percent increase. All the companies reported revenue of $21.75 billion, an annual increase of only 0.01 percent.

A look at the two percentage changes confirms what chain executives and industry analysts have been grumbling about all year: Real sales growth has been sluggish, while average unit volumes have been sinking. Much of the increase in revenue can be attributed to the opening of new units. And some chains have closed more stores than they have opened.

If sales growth has been sluggish, profitability has been stagnant.

Net profit down

Total net profit for the *NRN* companies fell to $829.2 million, from $1.2 billion the year before. While 49 companies made money in the last fiscal year, 36 reported losses, including such once-impressive companies as Wendy's and Vicorp.

Earnings per share, Wall Street's favorite measure of a company's success, were negative for the second straight year. The median yearly change in E.P.S. was minus 100 percent. The typical restaurant company earned half as much for its investors last year than it did the year before.

(The median is the middle number in a group of numbers arranged from lowest to highest value. The mean is the arithmetic average of a group of numbers, computed by adding all the numbers and dividing by the total number of elements.)

The *NRN* performance yardsticks measure companies' performance in four other ways besides revenue and earnings per share growth: market value and returns on assets, equity, and sales.

The total market value for the 85 companies was $26.2 billion, a 0.04-percent decline from the previous year figure. This measures what a company is worth on the open stock market. It is the product of a company's stock price (as of June 30) and the number of outstanding shares. The median percentage change in market value was minus 15.8 percent. Despite a continued bull market, restaurant stocks were underachievers on the nation's stock exchanges.

The Top 30 NRN Performance Yardstick Companies

Rank		Company
1987	1986	
1	1	TCBY Enterprises
2	3	Ryan's Family Steakhouses
3	2	Sbarro
4	5	National Pizza
5	8	USA Cafes
6	10	Luby's Cafeteria
7	9	Chili's
8	14	Bob Evans Farms
9	26	Pancho's Mexican Buffet
10		Cracker Barrel
11	12	McDonald's
12	11	Sizzler
13	15	Shoney's
14		Bombay Palace
15	18	Piccadilly
16	19	Marriott
17	4	International Dairy Queen
18		Jerrico
19	16	Dunkin' Donuts
20		Restaurant Associates
21		Calny
22	24	Nathan's Famous
23	17	International King's Table
24		Marcus Corp.
25	21	Western Steer
26		Chi-Chi's
27		Morrison
28	20	Restaurant Mgt. Services
29		Old Fashioned Foods
30	25	Hamburger Hamlet

Rankings according to points computed from positions on the six performance yardsticks

Source: Media General Financial Services

Two of the top four winners in market value are Pizza Inn and Pantera's Corp., which are expected to merge this summer under Pantera's banner.

Pizza Inn's shares rose 78.4 percent, making the company No. 1 in market-value change, as it became the target of several takeover bids, including an aborted leveraged buyout by its chairman and other investors. The year before, Pizza Inn's shares had risen only 10.6 percent.

Pantera's, the successor company to a poorly performing Godfather's franchisee called Concept Development, went up 56.1 percent and made fourth place, after it emerged as the operator of the Pantera's pizza chain and made a successful offer for Pizza Inn.

Profitability slides

The other three performance yardsticks measure profitability. In all three cases the results were unfavorable, compared with those of the previous year.

The median return on sales was only 1.3 percent, a significant decline from 3.1 percent the previous year. Return on sales, or profit margin, measures how well executives and unit managers control their costs.

Two of the top three companies in return on sales were limited partnerships, a form of business that became more frequent in the restaurant industry last year. Partnerships are popular with investors because profits are taxed only once, not twice, as they are at corporations.

Burger King M.L.P., a partnership in which investors have purchased the real estate for a number of Burger King properties and collect a percentage of the units' sales as rental income, led all companies with a 65-percent return on sales. USA Cafes L.P., the franchisor of the Bonanza steak house chain, came in third with a 16.4-percent return. Costs are low for the two companies because they are basically not restaurant operators.

Median R.O.E.: 3.8 percent

The median return on equity this past year was 3.8 percent, while the mean was 9.9 percent. Last year the median was 9.4 percent and the mean 15.7 percent. Return on equity measures how well executives use the capital entrusted to them by investors.

Topping all companies in return on equity was International Dairy Queen, the Minneapolis-based franchisor of ice-cream shops, at 41.7 percent. USA Cafes came in second, at 32.7 percent.

Total stockholder equity for all 85 companies was $7.4 billion, down from $7.5 billion the year before.

The median return on assets was only 1.6 percent, compared with 4.7 percent the year earlier. This yardstick measures how well managers use the capital that the company's executives have entrusted to them.

TCBY led all companies with a 16.1-percent return on assets. But two of the top five in this category were cafeteria companies: Luby's in second place, with a 15.3-percent return, and Piccadilly, fifth, with 13.9 percent. Analysts point out that cafeteria-chain managers are among the most experienced and highly paid in the industry.

Total annual assets for the companies in the *NRN* survey were $19.03 billion, up from $17.4 billion last year.

Total liabilities were $11.63 billion. The debt-equity ratio for the 85 companies is a relatively high 1.57, a rise from 1.3 last year. This indicates that restaurant companies, like those in other sectors of the economy, have been saddling themselves with debt to acquire other companies or to ward off potential takeover candidates.

The top four overall restaurant companies were in the same lofty positions last year as well.

TCBY, the Little Rock, Ark.-based yogurt chain, led the list again. Ryan's and Sbarro exchanged the No. 2 and 3 spots, and National Pizza held at No. 4.

All six measures of the industry's performance were combined to make a list of the Top 30 overall companies. Performance rankings for each of the six yardsticks were added together to determine the positions on the Top 30 chart.

*(See **CHAINS**, page F13)*

Yardstick leaders:

- By Market Value: **Pizza Inn,** up 78.4 percent
- By Revenue Change: **El Pollo Asado,** up 92.0 percent
- By Earnings per Share: **TCBY Enterprises,** up 138.5 percent
- By Profit Margin: **Burger King MLP,** 65.1 percent
- By Return on Equity: **International Dairy Queen,** 41.7 percent
- By Return on Assets: **TCBY Enterprises,** 16.1 percent

FOCUS | NRN

How to use NRN's performance yardsticks

Charts use six different indicators to rank food-service's prominent players

Editor's Note

The *Nation's Restaurant News* performance yardsticks measure food-service companies' growth and profitability. Last week's Top 100 rankings of chains and companies measured size.

The six yardsticks used in this survey are often better indicators of companies' health than size because they directly show how managers are utilizing the capital and assets they have to work with.

They also provide a basis for comparing one company with another and all food-service companies with the economy as a whole.

Three yardsticks measure growth:

- **Revenue Change**—the percentage change from one fiscal year to the next. The dates for the fiscal years used in those computations appear in the table on the page.
- **Earnings Per Share**—the percentage increase or decrease from the figure for the previous fiscal year.
- **Market Value**—the percentage change in the 12 months ended June 30. Market value is the product of a company's stock price and the total number of outstanding shares. It is the measure of what a company is worth on the open market, as determined by thousands of investors.

The three yardsticks of profitability are as follows:

- **Return on Sales**—net profit as a percentage of total revenue for the most recent fiscal year. Also known as annual profit margin, it measures how well companies control their costs.
- **Return on Equity**—net profit as a percentage of total stockholders' equity in the last fiscal year. It measures how well company executives use the capital provided to them by the company's investors.
- **Return on Assets**—net profit as a percentage of total assets. It is a gauge of how well restaurant managers are utilizing the capital that the executives entrust to them.

Another guide in this survey is the **NRN Performance Ranking Directory,** which lists each company alphabetically, the market on which its stock is traded, the closing date of the latest fiscal year, and the numerical rankings in each of the six yardstick standings.

Finally, the survey includes the **Top 30 NRN Performance Yardstick Companies.** Positions on the chart are determined by adding up the positions that a company occupies on each of the six individual performance rankings. The company with the lowest number of overall points is No. 1, since it ranked at or near the top of most of the six listings. The company with the next highest total points is No. 2, and so on.

The performance yardsticks are not all-encompassing as gauges of the restaurant industry, however.

Listed are 85 companies whose shares are publicly traded on stock exchanges. Not listed are privately held companies; for example, DHI Corp., the parent of the largest family-restaurant chain, Denny's.

But Denny's is about to be acquired by TW Services, which is a public company.

The yardsticks do not measure and compare the performance of chains, either.

They ascertain the companies that operate or franchise the chains. Analysts usually measure the success or failure of a chain by its growth—in total sales, number of units, and average unit volumes, as shown in the Chain Analysis tables in last week's *NRN*—or by changes in real sales, which factor out price increases and new-unit revenues.

Also, the performance yardsticks do not measure conglomerates that have extensive non-food-service operations. For instance, PepsiCo, although it is the operator and franchisor of three segment-leading chains, Kentucky Fried Chicken, Pizza Hut, and Taco Bell, is not listed here because it derives a significant amount of its revenue and income from bottled beverages and snack foods.

Hotel companies are not listed, either, unless they derive at least 51 percent of their revenue from food-service, as Marriott does.

The rankings include neither companies that recently went public nor those whose shares trade infrequently.

The 85 listed companies are those that are used to compute the weekly *NRN* Stock Index. They are found in this publication's stock tables each week.

Media General Financial Services of Richmond, Va., compiled all the data and tables used here.

The six yardsticks in this survey are often better indicators of companies' health than size because they illustrate how managers utilize the capital and assets they have to work with.

NRN Performance Ranking Directory

Company and Market		Latest Fiscal Year	Performance Ranking					
			Annual Revenue Change	Annual EPS Change	Annual Profit Margin	Return on Equity	Return on Assets	Market Value Change
-		-	-	-	-	-	-	-
Am Restaurants	M	01-87	74	59	70	51	72	80
Ark Restaur	A	09-86	17	42	53	52	54	75
Assoc Hosts	M	09-86	73	43	60	53	62	10
Bob Evans Farms	M	04-86	29	16	10	15	6	21
Bombay Palace[1]	M	12-86	13	1	12	1	8	81
Burger Kg MLP	N	12-86	83	81	1	38	22	47
Calny Inc	M	02-86	18	28	25	23	37	36
Capt Crab	M	08-86	16	60	44	45	45	69
Chefs Intl	O	01-86	64	61	64	54	59	30
Chi-Chi's	M	04-86	11	37	29	32	34	48
Chili's Inc	M	06-86	5	23	22	21	18	8
Churchs Fr Ch	N	12-86	77	32	27	39	28	63
Collins Foods	N	04-86	34	39	43	40	42	18
Consol Prods	M	09-86	21	82	46	41	46	7
Consul Rest	M	05-86	75	62	72	55	77	78
Cracker Barrel	M	07-86	23	5	23	28	24	6
Cucos Inc	O	06-86	8	44	73	56	75	70
Dunkin Donuts	M	10-86	58	15	4	12	11	43
El Chico	M	05-86	53	34	31	25	20	46
El Pollo Asa	M	03-86	2	63	38	46	43	56
Famous Rest	M	12-86	24	45	77	57	82	11
Fast Food Oper	O	12-86	70	46	68	58	69	64
Foodmaker	N	09-86	84	83	42	6	41	82
Frisch's	A	05-86	59	35	34	31	30	44
Fuddruckers Inc	M	12-86	15	64	80	59	80	71
Hambrg Hamlet	M	03-86	63	6	24	19	27	59
Intl Dairy Queen a	M	11-86	71	8	9	3	4	39
Intl Kings Tab	M	06-86	52	25	19	7	12	58
JB Restaurant	M	09-86	38	47	59	60	58	41
Jerrico Inc	M	06-86	39	10	20	17	15	40
Kapok Cp	A	09-86	37	48	76	61	74	55
Karcher Carl	M	01-87	65	49	57	62	56	5
Lifestyle Rest	A	10-86	68	65	67	63	73	68
Luby's Cafe	N	08-86	46	18	7	8	3	14
Marcus Corp	M	05-86	56	22	15	24	25	38
Marriott Corp	N	12-86	19	17	28	10	32	26
Maverick Rest	M	01-87	35	66	75	64	78	77
Max & Erma's	O	10-86	60	67	54	65	61	19
McDonald's Cp	N	12-86	36	19	5	9	17	24
McFaddin Ven	A	11-86	61	50	81	66	83	79
Morrison Inc	M	05-86	47	36	39	35	26	9
Morgan's Food	A	02-86	81	68	52	67	53	35
Jamco Inc	O	09-86	78	69	61	68	67	37
Nathans	M	03-86	57	31	32	26	23	3
Natl Pizza	M	03-87	6	9	11	4	13	28
Old Fashion Fd	M	05-86	51	33	26	33	31	22
Old Spag Wrehse	M	06-86	27	51	58	69	60	34
Pancho Mex Buffet	M	09-86	25	14	16	18	10	20
Panteras Cp	M	06-86	79	70	82	70	85	4
Perkin Fam	N	12-86	42	24	33	42	38	83
Piccadilly Caf	M	06-86	44	7	17	11	5	42
Pizza Inn	A	12-86	66	71	49	49	49	1
Po-Folks	M	09-86	28	52	62	71	64	76
RAX Restaurants	M	07-86	49	72	47	47	48	54
Rest Assoc B	A	12-86	20	11	36	22	35	31
Rest Mgmt	M	10-86	50	29	21	27	19	50
Restec	O	06-86	7	73	65	72	63	32
Ritzys G D	M	12-86	80	74	79	73	81	73
Rudy's Restaurant	M	09-86	22	53	71	74	71	52
Rusty Pelican	M	07-86	40	54	50	75	51	25
Ryans Family	M	12-86	3	4	6	16	7	2
Sandwich Chef	M	06-86	54	27	37	30	21	53
Sbarro Inc	A	12-86	4	12	8	20	14	12
Sea Galley	M	12-86	69	75	66	76	66	57
Shoney's Inc	M	10-86	30	20	13	14	9	33
Shoney's South	M	12-86	43	26	30	34	33	49
SIS Cp	M	12-86	31	84	85	50	50	51
Sizzler Rest	M	04-86	32	13	14	13	16	29
Skippers	M	12-86	48	55	55	77	57	45
So Hospitality	M	05-86	14	38	40	36	39	72
Stuff Yer Face	O	03-86	9	76	83	78	84	65
Swensens Inc	O	12-86	76	77	74	79	76	15
Sybra Inc	M	12-86	82	21	18	37	29	13
Taco Villa	M	12-86	41	78	78	80	79	66
Taco Viva	M	05-86	62	56	69	81	68	74
TGI Friday's	N	12-86	33	41	48	48	47	23
TCBY Enterprises	M	11-86	10	2	2	5	2	16
TW Services	N	12-86	12	40	45	43	44	84
Twistee Treat[2]	M	01-87	1	79	84	82	70	62
Two Peso	M	03-87	85	85	41	44	40	85
USACafes[3]	A	09-86	67	3	3	2	1	17
Vicorp Restaurants	M	10-86	45	57	63	83	65	67
Wendys Intl	N	12-86	72	58	51	84	52	61
Wstn Steer	M	02-87	26	30	35	29	36	27
Winners Cp	N	12-86	55	80	56	85	55	60

Data and Table Prepared by Media General Financial Services, Inc., Richmond, Virginia 23219

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[1] Bombay Palace's results have been restated to reflect the most recent fiscal year. Individual performance charts show actual standings.

[2] Same as in #1 for Twistee Treat

[3] USACafes did not rank No. 1 in annual return on assets. That standing was based on an incorrect earnings figure. The individual chart shows the actual ranking.